THE FIRST CHAIRMAN OF THE BOARD OF PUBLIC UTILITY COMMISSIONERS WAS GEORGE H.V. BULYEA, THE FORMER LIEUTENANT GOVERNOR, WHO SERVED AS CHAIRMAN FROM 1915 TO 1923

photo courtesy of the Provincial Archives of Alberta

91-04974/

Public Utilities Board
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January 30, 1991

The Honourable Donald Getty
President of the Executive Council of Alberta
Legislature Building
Edmonton, Alberta

1990 Annual Report

Dear Sir:

We have the honour to submit herewith the Annual Report of the Public Utilities Board for the year 1990, being the 75th year of the Board's operations.

In addition to providing the information which is required by statute, this report provides a brief description of the Board and its responsibilities and highlights significant activities and developments which occurred during 1990.

Yours respectfully,

A.O. Ackroyd, *Chairman*

N.W. MacDonald, *Member*

A. Calista Barfett, *Member*

R.D.S. Ward, *Member*

T. Donald Hetherington, *Member*

J.R. Dunstan, *Member*

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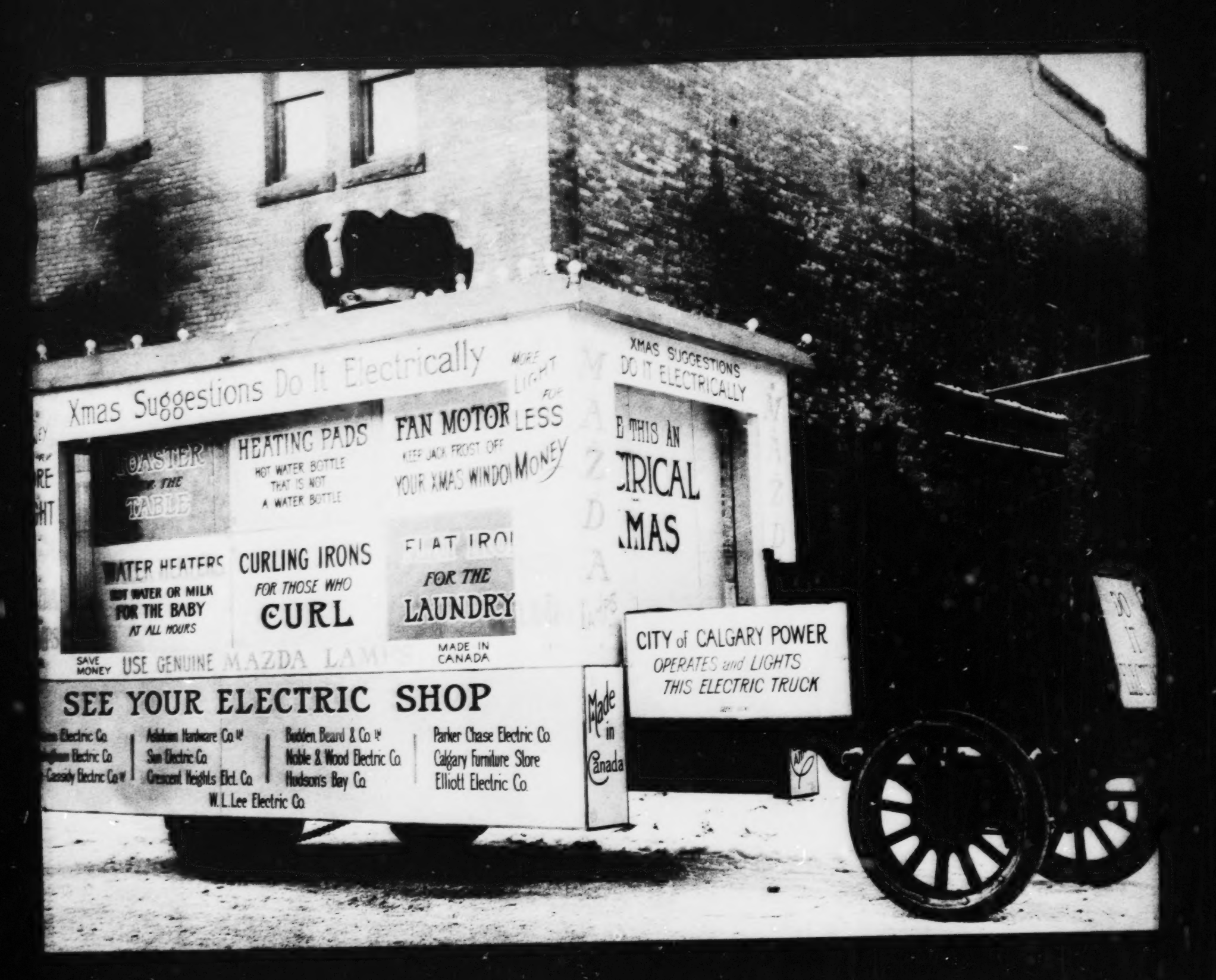
☞ This City of Calgary electric truck promoted the use of electricity. Electrical consumption has skyrocketed in the past 75 years, bringing attention now to focus on energy conservation.


Xmas Suggestions Do It Electrically
TOASTER
ON THE TABLE
HEATING PADS
HOT WATER BOTTLE THAT IS NOT A WATER BOTTLE
FAN MOTOR
KEEP JACK FROST OFF YOUR XMAS WINDOW
MORE LIGHT FOR LESS MONEY
WATER HEATERS
HOT WATER OR MILK FOR THE BABY AT ALL HOURS
CURLING IRONS
FOR THOSE WHO CURL
FOR THE LAUNDRY
MADE IN CANADA
SAVE MONEY USE GENUINE MAZDA LAMPS
SEE YOUR ELECTRIC SHOP
Ashdown Hardware Co Ltd
Sun Electric Co
Crescent Heights Elct. Co
W. L. Lee Electric Co
Budden Beard & Co Ltd
Noble & Wood Electric Co
Hudson's Bay Co
Parker Chase Electric Co
Calgary Furniture Store
Elliott Electric Co
Made in Canada
XMAS SUGGESTIONS
DO IT ELECTRICALLY
CITY of CALGARY POWER
OPERATES and LIGHTS
THIS ELECTRIC TRUCK

Message from the Chairman

It is with pride that I present the Board's 1990 Annual Report. 1990 marked an important milestone for the Board, as it completed its 75th year of operations. Formed in 1915, the Public Utilities Board has the distinction of being the most senior regulatory tribunal in the province.

While the Board's legislated mandate has changed significantly over the years, the Board's commitment to excellence in regulation has remained constant. When first created, the Board's authority extended to such areas as the supervision of municipal borrowing, the sale of shares and securities, the cancellation of subdivision plans and the establishment of railway tariffs, in addition to its principal role of overseeing utilities. Many of the duties assigned to the Board in its early years were subsequently shed, as new tribunals were spawned to deal with these matters. Such well known agencies as the Securities Commission, the Dairy Control Board, the Surface Rights Board, the Local Authorities Board and the Land Compensation Board handle duties formerly assigned to this Board. Of course, over time many other responsibilities have been added to the Board's regulatory agenda, most notably the regulation of milk pricing and the establishment of prices under the Electric Energy Marketing Act. Whatever the nature of the application before it, the Board will continue to strive, as in the past, to remain on the cutting edge of regulation.

The Board has been greatly aided in this regard by extensive and informed public participation in the regulatory process. The Public Utilities Board was among the first regulatory tribunals in North America to be given legislative authority to award costs to intervenors in rate proceedings. This has facilitated effective intervention by a number of groups, which has been of considerable assistance to the Board in its scrutiny of utility rate applications.

While public participation has been a key to the Board's success, nothing could have been achieved without hard work on the part of the Board. The Board's past accomplishments have been due in large measure to the high calibre of its members and staff. The Board has prided itself on the dedication and knowledge of its personnel, and hopes to see this trend continue on into the future.

While the Board is rightfully proud of its past achievements, 1990 was also a year of some accomplishment for the Board. A number of significant utility-related matters occupied the Board's attention. Two natu-

ral gas utilities were before the Board with the revenue requirement portion of their general rate applications. In addition, both major electrical utilities were before the Board with rate design proceedings, in which substantial changes to rates were proposed to achieve a better balance between revenues and costs by customer class. Not only did the Board have to grapple with this thorny issue, but it also focused on forward-looking energy conservation policies. The Board approved such measures as the adoption of time-of-use rates for certain customer classes and payments to customers purchasing energy-efficient electric motors.

Public education remained a high priority on the Board's agenda, as the Board continued to work with Edmonton Public Schools in the delivery of their utility program. Assistance was provided to the Public Schools in the preparation of a film and workbooks designed to explain the regulatory process to high school students. Furthermore, the Board, in its capacity as a member of the Canadian Association of Members of Public Utility Tribunals, also organized an extremely successful conference on utility regulation, which was widely attended by members of other Canadian utility tribunals as well as by representatives of the utility industry, intervenors and related government departments from across the country.

Utility regulation significantly affects every Albertan. It has been estimated that up to ten per cent of an average person's income goes toward payment for utility services. It is therefore incumbent upon the Board to constantly work to improve upon the regulatory process, to ensure that a reasonable balance is achieved between the needs of the utility company, various customer groups, and the public interest. This is the challenge that will continue to confront the Board in the years to come.

A.O. Ackroyd

A.O. Ackroyd, Q.C., Chairman

Alberta Public Utilities Board Chairmen

G.H.V. Bulyea	1915 to 1923	8
Arthur A. Carpenter	1923 to 1939	16
Gilbert M. Blackstock, Q.C.	1939 to 1953	14
Russell D. Henderson, Q.C.	1953 to 1966	13
Walter Nobbs	1967 to 1973	6
Miles H. Patterson, Q.C.	1973 to 1975	2
William R. Horton	1976 to 1983	7
A.O. Ackroyd, Q.C.	1984 to present	7

Mandate of the Board

The Public Utilities Board was created by the Alberta Legislature in 1915, making it the oldest regulatory tribunal in the province. The basic purpose of the Board is to protect the public interest by fixing just and reasonable rates for utility services. The need for regulation arises because utilities generally provide necessary services on a monopoly basis. In light of the large investment required in plant to provide utility service, it is not economically viable for more than one utility company to supply service within a given franchise area. This absence of competition for the services provided by utility companies resulted in the establishment of an independent tribunal to ensure that utility rates are set at a level that is fair to both the customers and the investors in the utility.

The main function of the Board is to balance the interests of the consuming public and the utility companies. It must permit the utility the opportunity to earn sufficient revenues through customer rates to recover its costs of providing the service which includes a fair return on its investment in utility property and plant, while ensuring that these rates are just and reasonable and the quality of service is safe and adequate.

It must be noted that there are different levels of regulation. The Board has the jurisdiction to establish rates and terms and conditions of service for public and gas utilities, as defined in the statutes. As noted in our 1989 Annual Report, the Supreme Court of Canada in 1989 ruled that Alberta Government Telephones was an interprovincial undertaking, and hence outside the jurisdiction of the Board. This decision had the effect of creating a regulatory vacuum respecting AGT. Consequently, the Minister of Technology, Research and Telecommunications appointed certain members of the Board to a Ministerial Committee on Telecommunications. The role of the Committee was to advise the Minister on issues pertaining to telecommunications, to ensure that the public interest was protected despite the lack of formal regulatory controls. This Committee was dismantled in 1990 after the Canadian Radio-television and Telecommunications Commission assumed jurisdiction over AGT, following the privatization of AGT. Further details are found in the Telecommunications Section of the Report.

In addition, the Board has only limited jurisdiction respecting municipally-owned utilities and natural gas co-operatives. The

1989

In 1989, the Supreme Court of Canada declared AGT to be an interprovincial undertaking outside of the Board's jurisdiction.

Board's authority is restricted to hearing certain specific consumer complaints with respect to the rates set by these non investor-owned utilities.

A listing of all utilities which fall under the full jurisdiction of the Board is contained in Appendix 4.

The Board derives its authority primarily from the Public Utilities Board Act and the Gas Utilities Act. These statutes provide the Board with explicit directions as to how it may set rates for those utilities under its full jurisdiction. Like most other regulatory agencies in North America, the Board employs a rate base - rate of return methodology in establishing rates.

Firstly, the Board is required to set a rate base for the utility. This involves a determination of the amount of money net of depreciation the utility company has invested over the years in its facilities which are required to provide service to the public within Alberta. The Board must then establish a fair return on this rate base, which is essentially equivalent to the annual cost of the capital invested in that rate base. The utility company's reasonable operating expenses as approved by the Board are added together with the fair return to establish the utility's revenue requirement. This represents the amount of money the company will need to have an opportunity to collect from utility sales in order to pay expenses and earn its fair return. Finally, the Board must determine how the revenue requirement should be allocated among the different types or classes of customers - residential, commercial and industrial. While the statutes do not provide the Board with much guidance respecting rate design, they do specify that these rates may not be unjustly discriminatory or unduly preferential. As part of the general rate application process, the Board also reviews the utility's terms and conditions of service, to ensure that fair and reliable service will be provided to customers.

While the Board's primary function is to set rates for investor- owned utilities, the Board performs a variety of other functions pursuant to more than thirty Alberta statutes. These responsibilities are outlined later in this Report.

The Full Time Members and the Secretary

Ammon O. Ackroyd, Q.C.

Ammon O. Ackroyd, Q.C., was appointed Chairman of the Board on March 1, 1984. He holds Bachelor of Education, Master of Education and Bachelor of Law degrees from the University of Alberta, and has been a teacher and a part-time lecturer at the University of Alberta. Prior to his appointment to the Board, he was the senior partner of the law firm of Ackroyd, Bradley & Associates. In addition to his responsibilities with the Public Utilities Board, Mr. Ackroyd is also Chairman of the Land Compensation Board.

A. Calista Barfett

A. Calista Barfett was appointed to the Board on September 15, 1982. She has taken numerous certificate courses at the University of Alberta, including Public Administration, Administrative Law and Accounting. Her background is in public administration, management and finance, having served in these capacities with both the Government of Alberta and municipal institutions. While involved in municipal government, she was responsible for municipal utilities, including natural gas utilities which appeared before the Board.

T. Donald Hetherington, Q.C.

T. Donald Hetherington, Q.C., was appointed to the Board on November 1, 1982. He received his Bachelor of Science and Bachelor of Law degrees from the University of Alberta. Prior to his appointment to the Board, he engaged in the general practice of law with the firm of Ghitter & Company in Calgary. In 1990, Mr. Hetherington was also named as a member of the Land Compensation Board.

Neil W. MacDonald

Neil W. MacDonald was appointed a member of the Board on December 5, 1984. He holds a Bachelor of Science degree in Electrical Engineering from the University of Alberta. He has worked for a telecommunications utility in the areas of engineering design, inventory and valuation, division of revenue, depreciation and costs, and prior to his appointment to the Board was involved in the regulation of utilities as the Board's Technical Services Director.

The Full Time Members and the Secretary

Robert D.S. Ward

Robert D.S. Ward was appointed to the Board on April 15, 1987. He is a retired member of the R.C.M.P., and prior to joining the Board he was a businessman, commercial air pilot, a business consultant to the oil industry, and Chairman of Alberta Terminals Ltd. He also has been a member of other boards and agencies, including the Liquor Control Board of the N.W.T., the N.W.T. Highway Transport Board and the Alberta Surface Rights Board.

James R. Dunstan

James R. Dunstan was appointed to the Board on June 1, 1987. Before joining the Board, he served as Chairman of the Alberta Electric Energy Marketing Agency from 1984 to 1987. He is a past President of the Lethbridge Chamber of Commerce and was Treasurer of the Alberta Chamber of Commerce. He has also been actively involved in community work, and was an alderman with the City of Lethbridge for two terms.

Bradley T. McManus

Bradley T. McManus was appointed to the Board effective January 7,1991. He holds a Bachelor of Arts degree from Carleton University and a Bachelor of Law degree from the University of Ottawa. Prior to his appointment to the Board, he practised general corporate and commercial law with the Calgary office of McCarthy Tetrault. Mr. McManus serves as a member of the Land Compensation Board and is also active in community affairs.

William Paterson

William Paterson was appointed Secretary and Executive Director in July, 1985. He is a Chartered Accountant having obtained his designation in Scotland in 1972 and in Canada in 1975. He joined the staff of the Board in 1977 and held a number of regulatory and management positions with the Board before his current appointment.

Organization of the Board

The Public Utilities Board is an administrative tribunal with quasi-judicial powers. In dealing with the matters which the Legislature has assigned to it, the Board has been granted the same status as the Alberta Court of Queen's Bench.

While the Board has been granted the authority to establish its own procedures, there are certain restrictions on its conduct. For example, the Board is subject to the Administrative Procedures Act, which requires, among other things, that the Board give adequate notice to all affected parties; that all parties who may be adversely affected by an application before the Board be afforded an opportunity to furnish relevant evidence and to present argument; and that the Board give written reasons for its decisions.

The decisions of the Board may also be reviewed or appealed. Pursuant to Section 62 of the Public Utilities Board Act, an application for leave to appeal a decision or order of the Board may be made to the Alberta Court of Appeal, and subsequently to the Supreme Court of Canada, on questions of jurisdiction or law, but not on findings of fact. The Board's decisions and orders are not subject to review by Cabinet.

In respect of its quasi-judicial duties the Board derives its mandate from numerous statutes, and from Orders in Council issued pursuant to the statutes. It is not subject to direction by individual Cabinet Ministers or members of the Legislative Assembly except through such legislation.

The Board's Finances

A number of significant administrative and budgetary changes affected the Board in 1990. In previous years, the Board reported to the Lieutenant Governor in Council through the Attorney General and obtained all its revenues from the General Revenue Fund. In 1990, responsibility for the Public Utilities Board was shifted from the Attorney General to the Department of Energy. Furthermore, pursuant to an amendment to the Public Utilities Board Act, the Board now provides much of its own funding through assessments on those persons over whom the Board has jurisdiction. Section 20 of the Public Utilities Board Act provides that not less than one third of the Board's estimated expenditures shall be provided from the General Revenue Fund, while the remaining estimated expenditures will be provided from assessments and costs imposed by the Board. It is difficult for the Board to precisely forecast its supply and services expenditures in any given year, as these are directly related to the number, type, length and complexity of the public hearings which the Board must convene. However, as of December 31, 1990, the Board was within its total budget and did not expect any over-run at fiscal year end, as shown by the table following this section.

Expenditure Control Group	1989/90 Budget	1989/90 Expenditures (Actual)	1990/91 Budget	1990/91* Expenditures (Forecast)
1 Manpower	$2,366,000	$2,345,104	$2,595,000	$2,435,000
2 Supplies & Services	309,800	301,631	330,000	300,000
3 Fixed Assets	215,000	209,644	40,000	200,000
Total	$2,890,800	$2,856,379	$2,965,000	$2,935,000

* These amounts reflect actual expenditures for the period April 1, 1990 to December 31, 1990 plus estimated expenditures for the period January 1, 1991 to March 31, 1991.

Organization of the Board

Appointments to the Board

The Lieutenant Governor in Council appoints the members of the Board and fixes their term of office. These members of the Board hold full time positions. One member is appointed as Chairman of the Board and there is also provision for the appointment of a Vice Chairman.

Mr. Anwar Jah left the Board in 1990 after thirteen years of excellent and dedicated service. By Order in Council 705/90 dated December 13, 1990, Mr. Bradley McManus was appointed to the Board, effective January 7, 1991. This appointment maintained the number of members at seven.

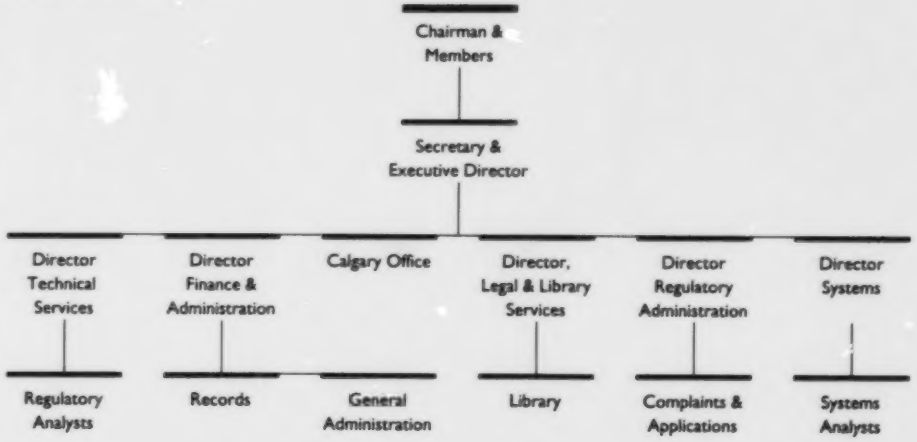
If additional members are required on a part time basis, the Chairman may name acting members, to act for any period of time or on any matter, from a list of potential acting members nominated by the Lieutenant Governor in Council. No acting members were required in 1990. At year end, the following three persons were available to be named by the Chairman:

K. J. Boyd
B. O. Archibald
J. Eugene Sekora

The Staff

At year end the Board had 44 authorized permanent staff positions. Reporting to the Secretary and Executive Director, the staff is organized into six main functional groups, as shown on the following organization chart. The Technical Services Division is responsible for the provision of technical support to the Board in the fields of accounting, engineering, and economics. The Regulatory Administration Division responds to public inquiries and complaints, and deals with applications of a non-technical nature. The Finance and Administration Division is responsible for internal financial matters, personnel and records. The operation of the Board's electronic data processing facilities is the responsibility of the Systems Division. The Board also maintains a small secretarial and administrative section in Calgary. In addition, the Board has an in-house legal counsel.

Organization of the Public Utilities Board



Public Utility Regulation

1. Telecommunications Utilities

There are two telecommunications utilities within Alberta: city owned 'edmonton telephones' which serves the City of Edmonton, and Alberta Government Telephones (AGT), which serves the remainder of the province.

In the past, the Board has been responsible for the regulation of AGT, but not for 'edmonton telephones'. However, on August 14, 1989, the Supreme Court of Canada, in an action commenced by AGT against the Canadian Radio-television and Telecommunications Commission and CNCP Telecommunications, ruled that AGT was an interprovincial undertaking and accordingly beyond the jurisdiction of the Board. Nevertheless, because of its status as an agent of the Province of Alberta, the Court found that AGT did not fall under the jurisdiction of the Canadian Radio-television and Telecommunications Commission, thereby creating a regulatory vacuum respecting AGT.

In response to this ruling, the Alberta Minister of Technology, Research and Telecommunications appointed certain members of the Board to a "Ministerial Committee on Telecommunications." This Committee acted in an advisory capacity to the Minister to ensure that the services offered by AGT were provided in a manner consistent with the public interest. However, with the passage of the Alberta Government Telephones Reorganization Act in July 1990 and the subsequent public sale of shares in Telus Corporation, the new holding company, AGT lost its special status. Consequently, the Canadian Radio-television and Telecommunications Commission assumed jurisdiction over AGT as of October 1, 1990.

2. Electric Utilities

There are two major investor-owned electric utilities under the full jurisdiction of the Board. TransAlta Utilities Corporation, which operates primarily in the southern and central areas of the province, serves customers both directly, and indirectly through wholesale contracts with municipally-owned distribution systems. Alberta Power Limited serves customers in the northern and eastern portions of Alberta. Border Power Ltd., a small investor-owned utility which serves approximately 200 customers in the Village of Coutts, is also under full Board jurisdiction.

The City of Edmonton owns and operates a fully integrated electric utility, Edmonton Power, which serves customers within its corporate limits. Pursuant to the Electric Energy Marketing Act, the Board is responsible for setting the price at which the City sells electric energy to the Electric Energy Marketing Agency, but does not establish end customer rates.

As discussed earlier, general rate application proceedings for both TransAlta and Alberta Power were in progress at the beginning of 1990. The Board had rendered Phase I decisions in 1989, establishing the approved revenue requirement for each of the utilities. In the Phase 2 proceedings, which took place in 1990, the Board was left to determine a reasonable allocation of costs between customer rate classes as a guide to establishing fair rates to collect the approved revenue requirement. The utilities proposed a substantial adjustment to customer rates, particularly for residential and small general service customers. Another issue addressed in the proceedings was energy conservation, with such firsts occurring as TransAlta's proposal to provide a payment to customers purchasing energy efficient electric motors and Alberta Power's preparation of a time-of-use cost of service study.

1961

During the 1930's the Board regulated numerous facets of the milk industry, including the number of delivery wagons a licensed distributor could operate.

iking CO-OP Creamery

IN THE 1940'S MANY TOWNS HAD PART-TIME ELECTRICAL SERVICE. THIS SERVICE WAS ONLY AVAILABLE EVENINGS AND ON MONDAY MORNINGS TO ACCOMMODATE WASHING DAY.

In its Phase 2 Decision E90055 dated October 15, 1990 respecting TransAlta, the Board approved a major restructuring of rates, including amongst other changes an increase in residential rates of 4.1%, and a decrease of 11.3% for small general service customers. The Board concluded that the new rates achieved a better balance between costs caused by and revenues collected from each customer group. The Decision also approved new Terms and Conditions of Service. The Board commended TransAlta for its initiative in drafting these Terms and Conditions of Service in plain language. Energy conservation was also addressed in the Board's decision, with the Board approving an electric motor conservation payment. In addition, the Board approved two riders establishing time-of-use rate options, and directed TransAlta to carry out a time-of-use cost of service study by the time of its next general rate application.

Similar issues were addressed in Decision E90050, dated October 15, 1990, relating to Alberta Power's Phase 2 application. In this Decision, the Board again approved substantial rate restructuring, including an average increase of 9.2% in residential rates; an average decrease of 13.5% for REA Farm Service rates; a 7.8% average decrease in general service rates; and a 7.5% average increase in industrial rates, as well as the introduction of time-of-use rates for more customer rate groups.

Full details respecting electric applications before the Board in 1990 are contained in Section 1 of Appendix 1.

3. Water Utilities

The vast majority of water utilities in Alberta are municipally-owned, and hence not subject to the full jurisdiction of the Board. However, the Board in 1990 had before it a complaint from several customers of Acheson Park Water Corporation, a small investor-owned water utility operating in the County of Parkland, concerning the alleged imposition of unfair water rates. This application was in process at year end. More details of this application are contained in Section 3 of Appendix 1.

4. Natural Gas Utilities

There are eight investor-owned natural gas utilities which operate within Alberta, in addition to a larger number of municipally and cooperatively owned natural gas utilities which do not fall under the full jurisdiction of the Board. The three major utilities regulated by the Board are Northwestern Utilities Limited (NUL), which operates primarily in the northern and central areas of the province; Canadian Western Natural Gas Company Limited (CWNG), which operates primarily in the south; and ICG Utilities (Alberta) Ltd. (ICG) which distributes natural gas to a number of smaller communities throughout the province.

Energy pricing has been an important issue in the natural gas field since the deregulation of natural gas pricing occurred in November of 1986. Both CWNG and NUL obtain a substantial portion of their gas requirements under long term contracts which require periodic price redetermination. During 1987 these utilities renegotiated their long term gas supply contracts on the basis of a two-tiered pricing system of $1.90 per gigajoule in the winter months and $1.40 per gigajoule in the summer months. In 1989, price renegotiations for the bulk of the utilities' gas supplied under the long term contracts were concluded for the 1988, 1989, 1990 and 1991 gas supply years. The pricing system was renegotiated at $1.65 per gigajoule in the

winter months and $1.25 per gigajoule in the summer months.

Both CWNG and ICG were before the Board in 1990. In 1989, the City of Calgary had filed an application requesting that the Board hold a hearing into the rates, tolls or charges for natural gas service provided by CWNG for 1989 and thereafter. This application was approved in Board Decision C89037 dated August 2, 1989. Consequently, CWNG submitted a general rate application on November 1, 1989. Phase 1 proceedings were held in 1990, and the Board rendered its Phase 1 Decision C90026 on July 27, 1990. In this decision, the Board determined the Company's rate base and revenue requirement for the test years 1989, 1990 and 1991. CWNG was directed to file rates to recover the 1991 revenue requirement and a proposed method of refunding the unbilled revenues and the cumulative surplus determined by the Board for 1989 and 1990 of $6,903,000. A major issue in the proceedings was CWNG's use of a new method to determine a value of normal degree days which was different from the fifty year rolling average previously accepted by the Board. Forecasts of gas sales derived using normal degree days play an important role in the calculation of a gas utility's revenues. While the Board rejected the new method proposed by CWNG, it did find that use of a shorter twenty year rolling average was more appropriate than the fifty year rolling average method for determining a "normal" year. Phase 2 proceedings will be held in 1991.

ICG had also applied in 1989 for approval of a change in rates for the 1989 and 1990 test years, and for an interim rate increase. On February 15, 1990, the Board denied the Company's interim rate application. In the Phase 1 Decision E90057, issued October 10, 1990, the Board set the Company's rate base and revenue requirement for the test years. Phase 2 proceedings will be held in 1991.

Details of these and all other natural gas applications are contained in Section 4 of Appendix 1.

5. Utility Rates and Inflation

The following graphs indicate how increases in Alberta's electrical and natural gas rates compare with increases in the Canadian Price Index (CPI) from 1981 to 1990. In both cases 1983 has been chosen as the year in which the CPI was equal to 100. This is primarily because 1983 was the first full year of the operations of the Alberta Electric Energy Marketing Agency, which has had a significant and continuing impact on electric rates in the province.

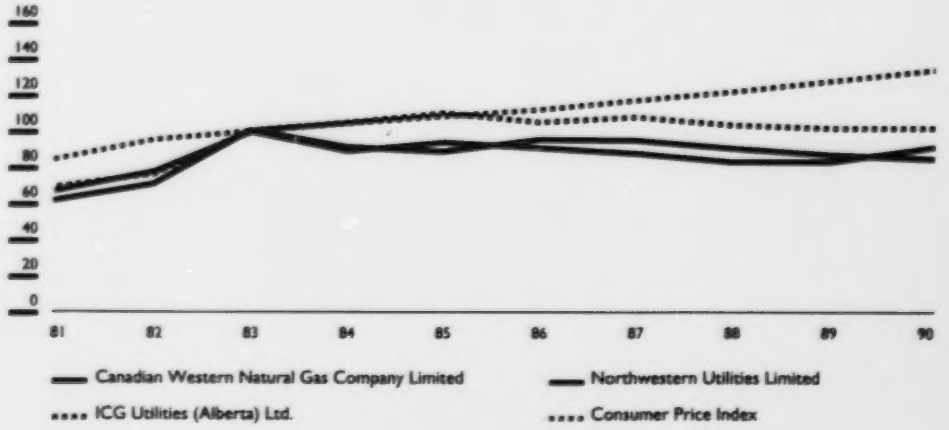
Currently, the indexed rate increases for all the major electric and gas utilities regulated by the Board are at or below the CPI. As noted in last year's report, there are many reasons why changes in utility rates may not correspond with inflationary changes. It must be remembered that the utility industry is capital intensive, and hence greatly impacted by increases in interest rates. Furthermore, construction of new plant must be planned years in advance, and in some cases expenditures were made which were later called into question with the downturn in the economy. Natural gas rates throughout the first half of the 1980s were greatly increased by federal taxes, such as the Natural Gas and Gas Liquids Tax, the Canadian Ownership Special Charge and the Petroleum and Gas Revenue Tax. There was also the impact of federal-provincial pricing arrangements which set natural gas costs up until November of 1986. Natural gas costs constitute roughly 60% of an annual bill. These costs have decreased since deregulation, which has helped keep rate increases below the rate of inflation.

Public Utility Regulation

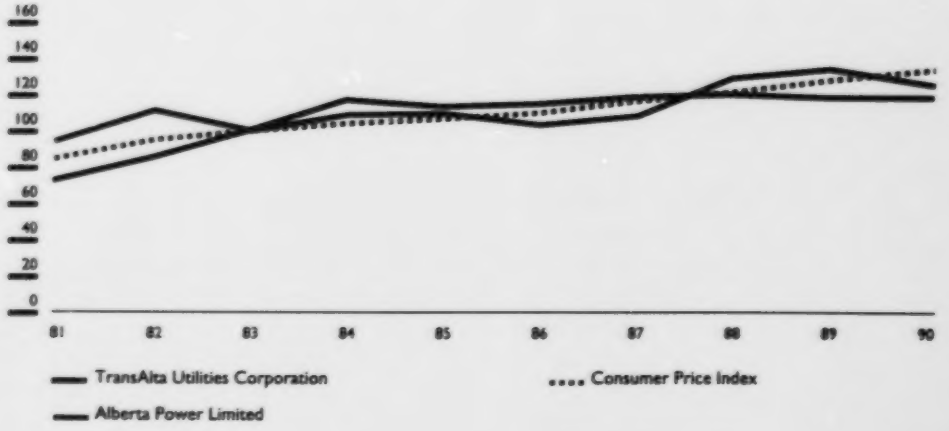
The Board's first Order approved a $1500 debenture for the Kulm School District, to pay for a new schoolhouse.

Public Utility Regulation

Regulated natural gas rates versus the consumer price index (percentage increase)



Regulated electric rates versus the consumer price index (percentage increase)



58 In 1923, Northwestern Utilities sponsored this display tent at the Edmonton Exhibition. This was the year the Company commenced natural gas service in Edmonton.

Photo courtesy of Northwestern Utilities Limited

NATURAL GAS SERVICE
NATURE'S GIFT TO HOUSEWIVES
COME IN - ASK QUESTIONS - SEE THE LATEST APPLIANCES
AN ALBERTA PRODUCT FOR ALBERTA

Public Participation

1921

In 1921, the Board was first asked to determine the proper relationship between AGT's local and long distance rates.

Public involvement is crucial to the effective operation of the regulatory process. The Board welcomes all constructive input respecting utility rates and terms and conditions of service.

In general rate applications, the Board benefits from interventions by different groups or members of the public which assist it in testing the applicant's case. To ensure the fullest possible public participation, the Board directs the applicant to publish notice of the proceedings in newspapers throughout the utility's service area, and to serve the notice on municipalities, public interest groups or other parties who have made their interest known to the Board.

Members of the Board's staff are assigned to each application before the Board, and the staff are available to answer any questions from the public or to assist parties with organizing their interventions. In addition, the Board has published brochures entitled "The Ratemaking Process" and "How to Intervene" to outline the relevant procedures to interested parties. These brochures are available free of charge from the Board's offices.

To further facilitate public participation, the Board may order that the applicant pay the intervenors' expenses. Section 60 of the Public Utilities Board Act provides the Board with discretionary authority to order that the costs incurred in connection with a rate application should be paid for by the utility and recovered through customer rates. This practice serves to encourage public interventions in the absence of other forms of public input, such as a consumer advocate. However, the Act does not allow the Board to provide advance funding for any party considering intervention.

The Board recognizes that intervention, which is aimed at reducing utility rates increases, is paradoxically expensive and adds to the customer's utility bill. Therefore, before exercising its discretion to award costs, the Board considers a number of questions, such as the effectiveness of the intervention, its relevancy to the issues, and whether the costs of the intervention were necessary and reasonable. Those who have a common interest in the proceedings are encouraged to co-ordinate their presentations so as to avoid duplication of effort and thereby minimize costs. Applications for costs are considered after the completion of the hearing process.

The Board has also established a Scale of Costs, which sets a cap on professional fees that will be awarded by the Board, and outlines those disbursements which will be considered for reimbursement. A copy of the Scale of Costs may be obtained from the Board's offices. This scale, which was first implemented in 1989, has proven helpful in regulating costs awarded, without any apparent detrimental effect on the ability of intervenors to fully and effectively participate in Board proceedings.

During the course of the year, the Board granted costs awards in connection with many rate applications. Interventions were lodged by a variety of parties, including municipalities, institutional groups, consumer associations, and individual customers. While cost orders respecting certain 1990 proceedings were pending at year end, the Board in 1990 awarded intervenors' costs of $1,966,353. In addition, the Board awarded applicant external costs in the amount of $1,064,114.

Of particular note was a costs order issued by the Board in 1990 in connection with certain milk applications outlined in greater detail later in this Report. Three dairies had applied to the Board for, amongst other things, a price differential for milk sold in plastic jugs. This directly affected Holgerson Dairies Inc., a small dairy operating out of Smoky Lake, Alberta, since all of its milk is packaged in plastic containers. Holgerson therefore disputed the application, and engaged legal, accounting and technical consultants to assist it in the preparation of its submissions. Holgerson thereafter

applied to the Board for recovery of these costs. The dairies disputed this claim, noting that Holgerson was not a usual intervenor representing a consumer before the Board, but rather a regulated entity seeking costs from another regulated entity. Further, they stated that their application was really made on behalf of all dairies in the province, who all stood to benefit from increases in minimum milk prices. The Board noted in its Cost Decision E90052, dated November 8, 1990, that it is not usual Board practice to award costs in milk proceedings. However, given the unique circumstances involved, as the 11 cent differential requested for plastic jugs would have adversely affected Holgerson by making its product one of the most expensive in the business, the Board found Holgerson to be entitled to costs. The Board therefore ordered the three applicant dairies to pay Holgerson's costs, as determined by the Board in accordance with the approved Scale of Costs.

Public Inquiries and Complaints

Public input is an important element in the Board's decision-making process. However, public participation is not limited to formal rate proceedings. The Board welcomes inquiries and complaints from the public respecting any aspect of utility service. A brochure entitled "Making a Complaint" is available from the Board's offices to assist in this process.

In 1990, Board staff received a total of 87 complaints by telephone and 35 written complaints, as well as a large number of general inquiries. The Board makes every effort to respond to inquiries and complaints in a prompt and informative manner. Telephone complaints may sometimes be resolved by the provision of information respecting utility rates or terms and conditions of service. In other cases, the complainant may be referred to the utility company in question for further information. If the matter cannot be resolved by these means, the customer will be asked to submit a written complaint. Written complaints are usually investigated with the utility company, and occasionally a public hearing may be required to resolve the dispute.

No public hearings were held in 1990 respecting complaints submitted to the Board. The Board did, however, make frequent use of informal meetings between complainants and representatives of the utility companies involved to try to resolve disputes. In many cases, these forums allowed the parties the opportunity to arrive at a mutually satisfactory course of action, obviating the need for formal Board intervention.

Of the 35 non-registered written complaints dealt with by the Board, 12 dealt with billing disputes, 3 concerned late payment penalties, while another 3 dealt with rate increases. At year end, all of the complaints received by telephone were resolved, while 7 of the written complaints remained under investigation.

The following table contains a breakdown of the complaints received by the Board in 1990.

Type of Utility	Nature of Complaint	Written	Telephone
Electric	Billing Disputes	4	6
	Rate Increases	1	4
	Fixed/Demand Charges	-	4
	Disconnection	-	4
	Construction Contribution	-	3
	Miscellaneous	2	7
Natural Gas	Billing Disputes	5	5
	Late Payment Penalty	3	7
	Security Deposits	2	6
	Budget Payments	2	0
	Franchise Tax	-	2
	Disconnection	-	7
	Miscellaneous	6	10
Other (Gas Co-ops, Municipalities, Milk, AGT, etc.)	Billing Disputes	3	4
	Rate Increases/ High Rates	2	5
	Fixed Charge	-	2
	Disconnection	-	2
	Security Deposits	-	2
	Miscellaneous	4	7
	Total Complaints	35	87

Other Functions and Responsibilities

1936

In 1936, the Board became responsible for licensing the province's 1000 fuel dealers.

While rate-making is the most widely known activity of the Board, the Board performs a number of other important functions, some of which are described in detail below.

1. General Supervision of Utilities

The Board is required by statute to exercise a general supervision over utilities within its jurisdiction, and to ensure their compliance with the law. As part of the regulatory process, the Board is also responsible for reviewing the affairs, earnings and accounts of each owner of a public utility or gas utility within three years of fixing their rates. To ensure compliance with the mandatory review requirements, the Board selects utilities to be reviewed during a given year and authorizes technical staff analysts to proceed with the necessary inquiries.

The consideration of a utility's general rate application also provides an opportunity for the necessary review through the public hearing process, since a thorough examination of the utility's operations is required for the determination of a rate base and fair return. Consequently, the Board's review schedule is under constant revision as general rate applications are processed, thereby satisfying the formal review requirements.

A report on the review of the affairs, earnings and accounts of ICG Utilities (Alberta) Ltd. for the years 1985, 1986 and 1987 was issued in 1990. Reviews of Grande Prairie Transmission Co. Ltd. and Elk Point Gas Ltd. were in progress at year end.

2. Municipal Supply Contracts and Special Franchise Agreements

Pursuant to sections 279 and 280 of the Municipal Government Act, a municipality must obtain the approval of the Board to enter into a supply contract or a special franchise agreement with a public or gas utility. Renewals or alterations of such contracts must also receive Board approval, pursuant to section 281 of the Municipal Government Act.

A supply contract grants a utility company the right to provide utility services for distribution by the municipally owned utility system. A franchise agreement generally provides the utility company with the exclusive right to directly supply and serve customers within the specified franchise area.

Applications for approval of a franchise agreement often include applications for approval of a franchise tax. Pursuant to the Municipal Taxation Act, a municipality may elect to have a utility company pay the municipality a tax equal to a fixed percentage of its gross revenue realized within the municipality, in lieu of property tax. The level of this franchise tax varies between communities, but generally constitutes a significant component of the customers' bills. For example, the amount of this municipal franchise tax for gas utilities in Alberta's major cities is 10% of the gas bill including the franchise tax. Because of the impact on customers' bills, the Board requires the utility companies to show the amount of the franchise tax as a separate item on utility bills. In cases where the municipality applies to increase the level of the franchise tax which is paid by the utility, the Board has taken steps to ensure that notice is provided to the customers of the dollar impact of the proposed change.

Section 3 of the Gas Utilities Statutes Amendment Act, which was proclaimed in 1990, extended the application of the franchise tax provisions of the Municipal Taxation Act to transportation customers. For this purpose, the Board must establish, for each year, a deemed value for the natural gas provided through transportation service, which is then to be multiplied by the quantity of gas being

transported. This amount will be included in the calculation of the utility company's gross revenues, and is thus subject to the franchise tax.

During 1990, the Board heard a number of supply contract and special franchise applications, as outlined in Section 6 of Appendix 1. To facilitate consumer representation, in 1990 a number of these hearings were conducted in the municipalities involved.

One of these hearings involved an application from the Town of Stony Plain for approval to enter into a natural gas supply and special franchise agreement with West Parkland Gas Co-op Ltd. respecting lands annexed by the Town in 1979 and 1981. The remainder of the municipality is served by Northwestern Utilities Limited. Northwestern appeared at the hearing to oppose the application, asserting that the Board lacked the jurisdiction to grant such an application pursuant to the Municipal Government Act. In its Interim Order E90061, the Board pointed to the number of significant issues raised by the application, including the jurisdiction of the Board to approve special franchise agreements respecting rural gas co-ops, and the interplay of the Rural Gas Act and the Municipal Government Act. Consequently, the Board ordered that the notice be republished to ensure that all affected parties were fully aware of the impact of the application, and reconvened the hearing at a later date. At the Board's request, the Chief Officer of the Department of Transportation and Utilities appeared at the hearing to explain the Department's policy respecting rural gas co-ops, especially with regard to the provision of service within urban areas. The Board's decision respecting this application was pending at year end.

3. Milk Prices

Under the Dairy Board Act, the Board sets the minimum price of fluid milk that may be paid to producers, and the minimum wholesale and retail prices of fluid milk and fluid milk products that may be charged by processors, distributors and sellers. It is important to note that these are MINIMUM prices.

Since 1976, the Board has used the fluid milk pricing formula, developed with the assistance of the Production Economics Branch of the Alberta Agriculture Department, to help determine the minimum price of milk. In Decision E76104 dated August 13, 1976, the Board stated:

"The Board will continue to use formula pricing as a guide in fixing the minimum price to be paid to producers for Class 1 fluid milk.

The Board reserves the right to adjust or not to adjust the minimum producer price as indicated by the formula price if it finds that unusual circumstances prevail at any particular time. The performance and results of formula pricing will be monitored continuously, tested against the production cost study annually and reviewed at public hearings periodically in response to an application or upon the Board's own initiative."

In 1989, this formula was reviewed by the Board, which concluded that it remained a viable pricing indicator. Certain changes in the minimum producer prices of milk have been approved by the Board as a result of the application of this fluid milk pricing formula. For example, there was an increase of one cent per litre in the minimum wholesale and retail prices of fluid milk products, effective February 2, 1990, and another one cent per litre increase effective May 2, 1990, which was largely reflective of an increase in hay prices.

In addition to reviewing applications resulting from milk pricing formula changes, the Board dealt with an application received in 1989 from certain processors and distributors

Other Functions and Responsibilities

In 1936, the Board increased the minimum price of milk sold in Calgary and Edmonton to 11 cents a quart.

(the dairies) for approval of an increase in the minimum price of fluid milk and milk products, and for a price differential for milk sold in plastic jugs. This application for a price differential was challenged by Holgerson Dairies Inc., a small processor and distributor, who requested supporting information from the applicant dairies respecting the pricing differential. The dairies refused to provide this information stating that it was confidential and its disclosure would harm the dairies' competitive position.

This issue of confidentiality in milk proceedings was dealt with by the Board in Decision E90023 dated March 2, 1990, despite the fact that the dairies had decided to withdraw their application for a price differential for milk sold in plastic jugs. The Board concluded that all parties who may be adversely affected by any adjustment to the existing price schedule for milk should be afforded the opportunity to examine the evidence presented in support of the application or evidence otherwise relied upon by the Board. The Board consequently directed the dairies to file all the information necessary to support their application on a full disclosure basis.

In a revised application received on March 28, 1990, the dairies requested an interim increase of a further three cents per litre, in addition to the interim increase granted in 1989, and a further increase of one cent per litre. Order E90039 dated June 8, 1990 denied the interim application because the Board was not satisfied that adequate and compelling information was before it to demonstrate financial need or that no cross subsidization was occurring between Board regulated and non Board regulated products. A further interim application was received on August 29, 1990 for an immediate increase of three cents per litre. In Order E90078 dated November 23, 1990, the Board approved a one cent per litre increase in the price of fluid milk, effective December 1, 1990. The Board's final decision respecting the application was pending at year end.

Orders resulting from the Board's milk pricing activities are summarized in Section 7 of Appendix 1.

4. Duties Pursuant to the Electric Energy Marketing Act

The Board is required, pursuant to the Electric Energy Marketing Act, to set the price or the pricing formula for each consumer group at which electric energy will be sold to the Electric Energy Marketing Agency.

The Electric Energy Marketing Act, which became effective September 1, 1982, requires TransAlta Utilities Corporation, Alberta Power Limited and Edmonton Power to sell all the electric energy generated by these utilities, for consumption within Alberta, to the Electric Energy Marketing Agency at prices established annually by the Board. These prices are based upon the cost of generating and transmitting electric energy to the designated pooling interface points. The Agency pools these costs and resells the electric energy to the three utilities at an average price. To the extent that this process averages generation and transmission costs there is a measure of equalization of costs throughout Alberta, but the exclusion of distribution costs results in some variation in rates for customers in different areas.

In 1990, the Alberta Court of Appeal issued its judgement respecting an appeal launched by Edmonton Power, Alberta Power and TransAlta of the Board's Decision E89004. In this Decision, the Board had determined that Edmonton Power's Genesee 2 power plant was not required to be used in 1989 and therefore excluded this plant from

Edmonton Power's 1989 costs to the Agency. Similarly, the Board excluded the cost of a transmission system, namely the SPC-DC tie interconnection between Saskatchewan and Alberta which is owned by APL, from upstream rate base, in addition to a major portion of the costs of TransAlta's Keephills/Ellerslie transmission system, following its determination that these were not required to be used in 1989. The Court of Appeal upheld the Board's decision, concluding that the Board was correct in applying standard rate base methodology, including the "used or required to be used" test, in determining whether plant should be included in costs to the Agency. The Court stated that mere use was not sufficient to burden consumers with the cost and concluded that even if an object is used it must also be required. The appellants subsequently sought to appeal this judgment to the Supreme Court of Canada, but were denied leave to appeal by the Court. Further details respecting this litigation are found in Appendix 2.

Filings were received on June 1, 1990 from Alberta Power, Edmonton Power and TransAlta requesting the Board to determine the prices at which these utilities would sell electric energy to the Electric Energy Marketing Agency during 1991. In 1992 the Board may adjust these prices to reflect the utilities' actual costs. In its Orders E90087, E90088, and E90089 dated December 31, 1990, the Board established these prices. In so doing, it disallowed Alberta Power's proposal to include costs connected with its SPC-DC tie line in rate base for 1991. Alberta Power had submitted that the used or required to be used criterion was satisfied since power over the tie-line was utilized on February 10, 1990. However, the Board concluded that it had no evidence before it to suggest that the SPC-DC tie line was required to meet the Alberta Integrated System design reliability standards and/or normal operating reserve requirements.

Furthermore, a joint application by Alberta Power, Edmonton Power and TransAlta was received on June 28, 1990 for an order adjusting the price or pricing formula to the Agency for 1989. Board Decision E90080 dated December 14, 1990, and Order E90090 dated December 31, 1990, dealt with this application.

Further details respecting Electric Energy Marketing Agency applications are contained in Section 2 of Appendix 1.

5 Municipally-Owned Utilities

Municipally-owned utilities are not subject to the full jurisdiction of the Board, unless they pass a by-law submitting the operation of their utilities to the control and orders of the Board. At present, no municipalities are under the full jurisdiction of the Board. However, pursuant to Section 291 of the Municipal Government Act, a user of a municipally-owned utility (with the exception of "edmonton telephones"), may lodge a complaint with the Board alleging that the rates of the utility do not conform to the rate structure established by the municipality; have been improperly imposed; or are discriminatory. If the Board concurs it may vary or disallow these charges.

A number of complaints were received by the Board in 1990 pursuant to this section. For example, the Board received several complaints respecting municipal water rates and billings. The Board also dealt with a review and variance application respecting an order issued in 1989 regarding a complaint lodged against the sewer rates of the Town of Bashaw. Further details of complaints respecting municipally-owned utilities are contained in Section 6D of Appendix 1.

Other Functions and Responsibilities

The 1915 Act gave the Board jurisdiction to approve railway tariffs for provincial railways.

In addition, the Board hears and determines disputes with respect to the rates charged for utility services provided by one municipality to another municipality. No such applications were received in 1990.

6. RURAL GAS UTILITIES

Rural gas utilities are not subject to the jurisdiction of the Board, except where specifically provided in the Rural Gas Act. Section 37(1)(b) of this Act provides that the Board may hear and resolve complaints with respect to the rates imposed by rural gas utilities when it is alleged that such rates do not conform to the rate structure established by the utility; have been improperly imposed; or are discriminatory. An informal hearing was held in 1990 respecting such a complaint against the Ste. Anne Natural Gas Co-op. The opportunity to thoroughly air each party's position in such a forum led to a mutually satisfactory agreement without formal Board intervention.

Furthermore, the Board sits as an appellate tribunal with respect to disputes over service area boundary decisions made by the Chief Officer as defined in the Rural Gas Act. No such applications were received in 1990.

IN 1941, THE BOARD RECEIVED 116 APPLICATIONS PURSUANT TO THE COAL MINERS' WAGE SECURITY ACT.

1941

7. INTRA-PROVINCIAL RAILWAYS

The definition of a public utility contained in the Public Utilities Board Act includes a system which conveys travellers or goods over a railway. Such systems are required to file rates with the Board and such rates cannot be changed without Board approval. In the past year, Central Western Railway (CWR), has filed its rates with the Board. Litigation has been ongoing to determine whether CWR is strictly a provincial undertaking or whether it forms part of the national grain transportation network and should be subject to federal regulation. In 1990 the Supreme Court of Canada ruled that CWR, which operates entirely within Alberta, cannot be characterized as a federal work or undertaking and is therefore not subject to the federal labour code. This decision overturned a prior decision of the Federal Court of Appeal.

In addition, Section 95 of the Public Utilities Board Act specifies that the permission of the Board must be obtained for the construction of highway crossings by a railway company within the legislative authority of Alberta, and that the Board shall make reasonable provisions for the protection of the travelling public with respect to these grade crossings. No such applications were received in 1990.

8. NOVA CORPORATION OF ALBERTA

The Board hears and resolves complaints with respect to the rates charged by NOVA Corporation of Alberta for the transportation of gas within Alberta. Section 37(2) of the NOVA Corporation of Alberta Act provides that, upon complaint in writing of an interested party, the Board is responsible for determining the justness and reasonableness of the rates, tolls or other charges fixed or varied by NOVA, and by order in writing may vary or confirm the foregoing rates, tolls or other charges. No such complaints were received by the Board in 1990.

9. COMPENSATION FIXING DUTIES

A number of statutes confer compensation fixing duties upon the Board. For example, the Board hears and determines disputes with respect to the payment of compensation which may be required when all or part of a franchise area of a rural gas utility is annexed to a municipality and becomes served by another utility. In addition, the Board may determine

compensation respecting the sale of Rural Electrification Association assets. When directed by the Lieutenant Governor in Council, the Board may also fix compensation with respect to air pollution damage claims, water pollution damage claims and environment damage claims. No such applications were received by the Board in 1990.

10. Appeals of the Alberta Cost of Service

Under the Natural Gas Pricing Agreement Act and Regulations, the Board acted as an appellate tribunal with respect to determinations of the "Alberta Cost of Service" made by the Alberta Petroleum Marketing Commission prior to October 31, 1987 with respect to the transportation of gas within Alberta. Such an appeal was lodged in 1990 by R.W. Berry, Duhamel Resources Ltd. and Choya Petroleum Ltd. respecting the Alberta Cost of Service determination for TransCanada PipeLines Limited for the period of February 1983 to April 1987. The Board's decision on this matter was pending at year end.

Under the Natural Gas Marketing Act, the Board sits as an appellate tribunal for determinations of the "Alberta Cost of Service" made by the Alberta Petroleum Marketing Commission. No such appeals were received by the Board in 1990.

11. The Energy Resources Conservation Board Hearings

Order in Council 234/85 provides that certain members of the Board are nominated as persons who may be named as Acting Members of the Energy Resources Conservation Board (ERCB). No such Acting Member appointments were made in 1990.

12. Gas Processing Costs

Section 10 of the Gas Utilities Act states that, subject to the authorization of the Lieutenant Governor in Council, the Board may fix the costs, or method for ascertaining costs, for the gathering, treating or processing of gas. Certain applications pursuant to this Section were under Board consideration in 1990.

13. Inquiries

From time to time the Board, on its own initiative or at the request of the Lieutenant Governor in Council, may hold public inquiries into matters of topical concern which fall within its jurisdiction. No such inquiries were held in 1990.

14. Small Power Filings

Pursuant to the Small Power Research and Development Act, contracts entered into between owners of eligible small power production facilities and utility companies must be in a form that is satisfactory to the Board. All such contracts must therefore be filed with the Board for its review. However, no Board action in this regard was possible in 1990, as the Board was awaiting proclamation of significant amendments to the Small Power Research and Development Act.

This table provides some selected statistics which describe the volume of regulatory activity during 1990 in the same categories used in Appendix 1, "Applications to the Board".

Summary of Regulatory Activity 1990

	applications carried forward from 1989	applications received during 1990	total applications to be dealt with in 1990	applications finalized by board orders or decisions	applications finalized without board orders or decisions	total applications finalized in 1990	applications carried forward to 1991	days of formal hearings	days of in-office hearings
1. Electric Utilities	6	22	28	21	0	21	7	23	0
2. Electric Energy Marketing Act Proceedings	11	4	15	15	0	15	0	2	0
3. Water Utilities	1	0	1	0	0	0	1	0	0
4. Natural Gas Utilities	6	25	31	18	2	20	11	22	0
5. Utilities not offering utility services to the general public	0	22	22	22	0	22	0	0	14
6. Municipalities									
6A Special Franchise Agreements (the Municipal Government Act)	16	49	65	52	0	52	13	3	32
6B Supply Contracts (the Municipal Government Act)	0	4	4	2	0	2	2	1	0
6C Supply and Lighting Agreements (the Improvement Districts Act)	0	8	8	0	0	0	8	0	0
6D Complaints (the Municipal Government Act)	0	1	1	1	0	1	0	0	0
6E Other Applications	1	0	1	0	0	0	1	0	0
7 Milk Pricing	1	6	7	4	0	4	3	5	0
8 Other Matters	2	2	4	0	1	1	3	2	1
Totals	44	143[1]	187	135[2]	3[3]	138	49[4]	58	47

1 Includes cases where the Board acted on its own motion and matters which were referred back to the Board by the Courts.

2 In 1990, 151 Orders and Decisions were issued by the Board. In 1989 there were 175 Orders and Decisions issued.

3 Includes applications withdrawn by the applicant.

4 Some applications reflected have been partially dealt with by Board Orders and Decisions but are not yet finalized.

The Castor telephone office in 1920. AGT was regulated by the Board from its inception in 1915 until 1989, when the Supreme Court of Canada declared the utility to be outside of provincial jurisdiction.

NINETEEN TWENTIES

☞ In 1921, AGT was before the Board seeking an adjustment in its toll rates. The issue, so familiar today, was the proper relationship between toll and exchange rates. 1921 was also the year that the Canadian Western Natural Gas, Light, Heat and Power Company first obtained an increase in rates.

☞ In 1922, the Board fixed natural gas rates for the Northern Alberta Natural Gas and Development Company. However, this company was never able to raise the funds necessary to provide natural gas service to the City of Edmonton, and subsequent negotiation resulted in the incorporation of a new company, Northwestern Utilities, Limited, to provide this service.

☞ In 1923, the 1915 Public Utilities Act was repealed and The Public Utilities Act, 1923 was enacted, increasing the scope of the Board.

☞ In 1926, the Board ordered a second rate decrease for Canadian Western Natural Gas, Light, Heat and Power Company Limited. This meant that its rates were 10 cents per Mcf lower than those established by the Board in 1921. This decision was well regarded by the media of the time, as evidenced by this report from the Calgary Herald of November 18, 1926. "The Public Utility Commissioners were most patient in their investigation of all aspects of the matter and have given, as the report proves, the closest study to all the arguments and evidence of counsel and witnesses. The rates decided upon after such complete investigation and with impartial desire to be fair to the consumer and to the company should be accepted in good faith by all concerned."

☞ Another non utility related responsibility was given to the Board in 1928, when the Coal Miners' Wage Security Act was enacted. Under this Act, the Board was given authority to issue certificates exempting coal mine owners from the necessity of filing bonds to ensure payment of their employees' wages.

☞ In the last part of the decade, the Board was granted additional powers to approve tolls charged by operators of public vehicles, and to deal with annexation disputes. However, in 1929, the Board's work respecting the sale of shares came to an end.

NINETEEN THIRTIES

☞ **In 1933, the Board assumed jurisdiction under the Security Frauds Prevention Act. An even more demanding task for the Board originated in 1933, when milk was declared to be a public utility. The price cutting which was taking place in Edmonton and Calgary was seen as harming the province's milk producers, causing the Board to issue interim producer pricing orders.**

☞ **Milk regulation quickly became a major focus of the Board's activities. In 1934, the Board began a licensing system, whereby every producer and distributor of milk in Calgary and Edmonton was required to obtain a license from the Board.**

☞ **In 1936, the Board's licensing function expanded greatly with the enactment of the Fuel Oil Licensing Act. Under this Act, the province's 1000 fuel**

Nineteen Forties

dealers had to obtain a license from the Board. It appears that these extra duties were beginning to tax the Board's resources, as demonstrated by the following remark from the Board's 1936 Annual Report. "The work during the year which is covered by this report has been increasingly heavy and at times has taxed the Board beyond its capacity ...The work involved in this licensing has taken up more than a fair share of the Board's time, as well as placing upon it a very heavy responsibility."

☞ 1937 was a year in which the Board shed some of its responsibilities. The administration of the Fuel Oil Licensing Act was transferred to the Department of Trade and Industry and the government created a Highway Traffic Board to set tolls for public vehicles. However, the upswing in oil development activity in the Turner Valley Field greatly increased the Board's workload under the Securities Act.

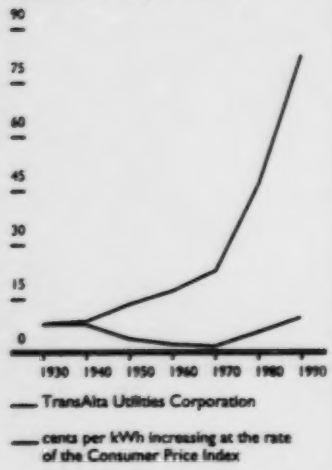
☞ In 1939, the Board's workload under the Pipe Lines Act increased, with oil pipe lines from Turner Valley coming under its jurisdiction as public utilities. This necessitated the hiring of a full time inspector in the field at Turner Valley. The Board was very concerned about safety problems, as noted in the 1939 Annual Report. "The inhabitants of the Turner Valley area appear to treat the dangerous conditions under which they live with supreme contempt and the enforcement of the regulations is by no means easy."

☞ In 1939, the Board ordered all milk producers and distributors to pay a levy on the production and distribution of milk. These levies were used to fund the Board's responsibilities regarding the regulation of milk. It would not be until 1990 that the Board again raised some of its revenues from regulated enterprises.

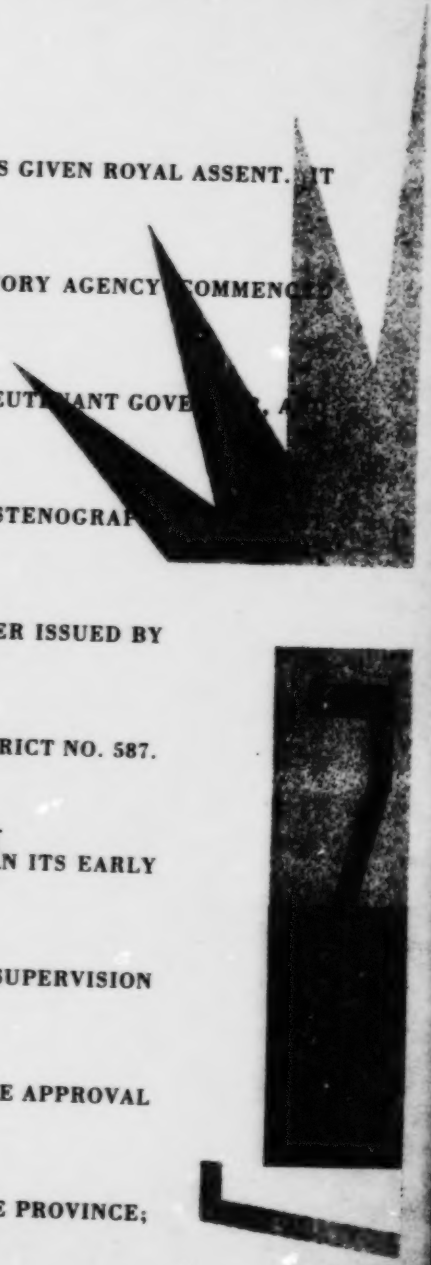
☞ Utility regulation remained a small part of the Board's workload. In 1941, only two of the utility-related applications before the Board required public hearings. Of course it must be borne in mind that utility services were not as widespread as today. At the time, only 5 % of farms had electricity, and many towns and villages received only part-time service. Similarly, telephone service by AGT was essentially confined to urban areas, with rural areas being served by mutual companies.

☞ In 1942, the exigencies of war made the Board's milk responsibilities more onerous. The Wartime Prices and Trade Board asked the Board to undertake supervision of milk prices both within and outside of the controlled areas. In 1943, another new body, the Federal

Electric rates over time versus inflation (cents per kWh)
(based on the rates charged to residential customers in the city of Camrose)



ON APRIL 17, 1915, LEGISLATION TO CREATE THE BOARD OF PUBLIC UTILITY COMMISSIONERS WAS GIVEN ROYAL ASSENT. IT WAS NOT UNTIL OCTOBER OF THAT YEAR, HOWEVER, THAT THE PROVINCE'S FIRST REGULATORY AGENCY COMMENCED OPERATIONS. THE BOARD WAS COMPRISED OF A CHAIRMAN, GEORGE H.V. BULYEA, THE FORMER LIEUTENANT GOVERNOR, AND TWO MEMBERS, ARTHUR ALLAN CARPENTER AND JOHN STOCK. WITH ONLY A SECRETARY AND A STENOGRAPHER TO ASSIST THEM, THESE THREE MEMBERS ISSUED 169 ORDERS IN THE BOARD'S FIRST YEAR. THE FIRST ORDER ISSUED BY THE BOARD APPROVED A SCHOOL DEBENTURE IN THE AMOUNT OF $1,500 FOR THE KULM SCHOOL DISTRICT NO. 587. THIS DEBENTURE, ISSUED AT A RATE OF 8%, WAS TO PAY FOR A SCHOOLHOUSE AND EQUIPMENT. IN ITS EARLY YEARS, THE BOARD'S JURISDICTION EXTENDED OVER A BROAD RANGE OF MATTERS, INCLUDING THE SUPERVISION OF ALL DEBENTURES ISSUED BY LOCAL AUTHORITIES; THE CANCELLATION OF SUBDIVISION PLANS; THE APPROVAL OF FRANCHISE AGREEMENTS; THE REGULATION OF THE SALE OF SHARES AND SECURITIES WITHIN THE PROVINCE;



THE APPROVAL OF TARIFFS FOR PROVINCIAL RAILWAYS AND THE APPROVAL OF HIGHWAY CROSSINGS BY RAILWAY BRANCH LINES; IN ADDITION TO THE SUPERVISION OF UTILITIES. IN FACT, THE REGULATION OF UTILITIES INITIALLY OCCUPIED VERY LITTLE OF THE BOARD'S TIME. IN ITS 1918 ANNUAL REPORT, THE BOARD CHARACTERIZED ITS WORK UNDER THE SALE OF SHARES ACT AS THE PRINCIPAL WORK OF THE BOARD. IT WAS ASSERTED THAT THIS LEGISLATION WAS VERY IMPORTANT DUE TO THE ECONOMIC CONDITIONS OF THE TIME. "THE PROSPERITY PREVAILING, PARTICULARLY AMONGST THE AGRICULTURAL POPULATION, HAS CAUSED COMPANY PROMOTERS TO TURN THEIR ATTENTION TO THE PROVINCE AS A LIKELY FIELD IN WHICH TO SELL SHARES IN THEIR SPECULATIVE ENTERPRISES." PURSUANT TO THE SALE OF SHARES ACT, THE BOARD HAD PREVENTED THE SALE OF SECURITIES VALUED AT OVER $3,500,000 BY THE END OF 1918.

IT WAS IN 1919 THAT UTILITIES FIRST APPLIED TO THE BOARD FOR RATE INCREASES. NO INCREASES, HOWEVER, WERE GRANTED. IT WAS NOT UNTIL THE 1920S THAT THE BOARD'S UTILITY RATEMAKING FUNCTION BEGAN IN EARNEST.

Food Board, was created to regulate milk supply. Working with this federal body, the Board addressed the difficulties surrounding milk supply and prices, in one instance ordering cheese factories to divert supplies to the fluid milk market to ensure adequate supply.

☞ In 1947, the Board held milk pricing hearings in eight separate locations across the province. With the removal of federal wartime subsidies on food grains, milk producers were facing increasing costs. Accordingly, the Board increased consumer prices to 17 cents per quart.

Nineteen Fifties

☞ **The Alberta Gas Trunk Line Company Act of 1954 gave the Board jurisdiction to prescribe AGTL's rates for the transportation of natural gas upon complaint by an interested party. However, no such complaints were filed with the Board until 1971.**

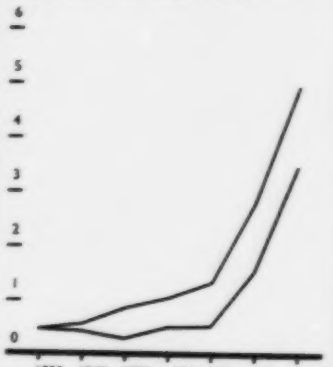
☞ **The Securities Act was proclaimed in 1957, transferring the Board's jurisdiction in this area to the Securities Commission. Board member G.H. Rose was appointed first Chairman of the Securities Commission, a post he held until 1972.**

Nineteen Sixties

☞ The Gas Utilities Act was introduced in 1960. This is one of the major pieces of legislation currently governing the jurisdiction of the Board.

☞ In this decade, a number of the Board's responsibilities were transferred to newly created regulatory agencies. In 1961, the Local Authorities Board assumed jurisdiction over a number of municipal matters formerly handled by the Board. On November 1, 1969, the Alberta Milk Control Board was formed, assuming the Board's previous jurisdiction under the Milk Control Act, with the exception of the fixing of minimum prices for milk. And finally in 1970, the Board's jurisdiction over compensation for certain expropriations was transferred to the Board of Arbitration, which is now the Surface Rights Board.

Natural gas rates over time versus inflation (dollars per Gj)
(based on the rates charged to residential customers in the city of Edmonton)



Nineteen Seventies

☞ **In the ten year period from 1963 to 1972, the forces of urbanization and industrialization caused a greater dependence upon public utilities in the province, resulting in a 62% increase in utility customers.**

☞ **Up until 1973 the Board had been relatively stable in membership and staff but, in light of provincial growth, the Board began to expand. Provision was made to enlarge the Board to 8 members with 2 professional support staff, and the Board opened a Calgary office. It was also in this year that the Board was dealing with Calgary Power's first general rate application, although the Company (now known as TransAlta) had been providing electrical service in Alberta for over 60 years.**

☞ **The increase in utility-related work continued in 1974, when every major gas and electrical utility in the province appeared before the Board seeking approval of higher rates. These increases in utility rates generated many inquiries and complaints from the public. Whereas in 1973 the Board had received 44 written complaints, 289 such complaints were received during 1974. The provincial government introduced the Natural Gas Price Protection Plan in this year to help shelter Alberta consumers from increasing world market prices for natural gas. Under this plan, the government established a "Provincial Support Price." The cost of gas above the PSP was rebated to the serving utility. The Board's role in this regard was set out in the Natural Gas Rebates Act.**

Under this Act, the Board was required to issue certificates qualifying utilities to receive provincial rebates. In addition, an amendment to the Gas Utilities Act placed all distributors of butanes and propane for use in Alberta under the jurisdiction of the Board. However, one of the Board's responsibilities was shed, when the Land Compensation Board assumed responsibility for determining compensation for lands taken in municipal expropriations.

☞ Utility costs continued to escalate in 1975, with the average annual cost of natural gas for residential customers increasing by 100%, while average annual residential rates for electricity were up 25%.

☞ In 1977, the Board was comprised of 9 members. In this year, the Board deregulated the distributor price of propane, with the producer price being deregulated in 1978.

Nineteen Eighties

☞ In 1980, the Board issued two major policy reports. The Telecommunications Inquiry and the Gas Utilities Rate Design Inquiry established important policy directions for the Board. This was also the year that the federal government implemented the National Energy Program, which introduced a number of federal taxes on natural gas.

☞ The Board's workload increased in 1982, when the provincial government created the Electric Energy Marketing Agency, with an aim to achieving a measure of equalization of electrical rates across the province. The Board was required to set the price at which utilities would sell electric energy to the Agency, which would pool these costs and resell energy to the utilities at an average price.

☞ However, a number of the Board's responsibilities were lost in the latter part of the decade. In 1986, municipally-owned natural gas utilities had their operations removed from the control of the Board. It was also in 1986 that the price of natural gas was deregulated by federal-provincial agreement. In light of the decline in natural gas prices which occurred after deregulation, the provincial government allowed the Natural Gas Protection Plan to expire in 1988. Consequently, the Board's role in issuing rebate certificates came to an end. Even more significantly, in 1989, the Supreme Court of Canada declared AGT to be an interprovincial undertaking and hence outside of the jurisdiction of the Board.

CANADA'S FIRST GA TURBINE GENERATO
for CANADIAN UTILITIES LTD. VERMILION AL
Built by BROWN BOVERI CANADA LTD. Baden. Switzerlan

Appendices:

One

Two

Three

Four

Five

In 1954, Alberta Power, formerly Canadian Utilities, commissioned the first gas turbine generator in Canada.

Photo courtesy of
Alberta Power Limited.

Appendix 1

Applications to the Board

Application Particulars

A Regulated Entity
Registration Number / File Number
B Subject Matter
C Disposition / Reference

Item
Number

Section 1: Electric Utilities

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

1.1 A **Alberta Power Limited**
RE89043 / E3.5.89-62 (Costs)

B Determining and fixing the amount of intervenors' costs and applicant's external costs for the APL 1989/1990 Phase I General Rate Application.

C In Decision E90033 dated May 18, 1990, the Board allowed cost claims of $469,455.97. The total intervenor and applicant costs claimed for the APL proceeding were $556,689.47. The Board decreased APL's external costs by $22,500 for the fees claimed by APL's consultant, Mr. Hall. The Board considered that the value of the additional information provided by Mr. Hall's evidence relative to APL's other consultants was not consistent with the level of the fees claimed. The Board reduced Edmonton Power's costs by $64,733.50 based on the value of the assistance which EP provided to the Board. All other intervenor costs were allowed as claimed.

1.2 A **Alberta Power Limited**
RE89044 / E3.5.89-62

B For approval of new rates, tolls or charges for electric light, power or energy furnished to its customers in Alberta for the 1989 and 1990 test years.

C1 General

(a) Decision E89095, dated December 15, 1989, as amended by Order E90013 dated February 7, 1990, fixed APL's revenue requirement for the 1989/90 test years.

(b) In Order E90027 dated March 28, 1990, the majority of the Board denied APL's request for restructured interim rates designed to recover the 1990 revenue requirement determined in Decision E89095, as well as changes to APL's service regulations. Its request for riders to refund the 1989 revenue surplus, and to collect/refund the EEMA adjustment amount, was approved. The Board considered that there were no compelling or urgent financial circumstances for approval of restructured rates on an interim basis. The allocation of downstream costs, the extent and timing of the proposed movement towards a 95% to 105% revenue to cost ratio and the extent, if any, to which adjustments should be made to recover/refund revenue deficiencies/surpluses by customer class, remained untested. Proposed interim rates might provide incorrect price signals. Any concerns respecting rate stability might be addressed through the use of appropriate rate riders. With existing rates, the rate structures of APL and TransAlta would be kept in line during the proposed interim period. Therefore the existing rates were to remain in full force and effect. The majority approved Rider J to refund the $13,127,000 revenue surplus from 1989 and to collect the $9,800,000 revenue deficiency in 1990 as determined by the Board in Decision E89095 and Order E90013. The surplus was to be refunded in proportion to 1989 revenue by rate class and the deficiency to be collected on an across the board basis over the period April 1, 1990 to December 31, 1990. The majority approved Rider M effective April 1, 1990, for collection/refund of the 1988 EEMA Adjustment amount by consumer group. The proposed Electric Service Regulations (ESR) were denied by the majority because any changes in the ESR should accompany changes in rate structures and there were no urgent or compelling circumstances for approval on an interim basis.

Member A.C. Barfett dissented, considering that the application of APL for restructured rates should have been approved as proposed on an interim basis because it was in compliance with directions of the Board in E86072 dated October 17, 1986 to move toward a revenue to cost ratio of 95% to 105%. Interim approval would mitigate rate shock caused by any delay in implementation of rates. Interim approval was appropriate since 60% of the test period had elapsed and 80% of the costs were allocated in the Electrical Energy Marketing Agency process according to Board approved methodology. The Electric Service Regulations should have been implemented because the regulations were in response to user concerns and there was no reason to delay implementation. With respect to the position of

the Board on interim applications in the past, the broad discretionary powers granted to the Board by statute are not and should not be fettered by any rigid policies or sets of criteria, notwithstanding, that the Board may utilize guidelines and general statements of policy in its aim for fairness and reasonable consistency among its decisions.

(e) Order E90051 dated September 25, 1990 approved rate schedules and electric service regulations for APL for all billings on and after October 1, 1990. Phase 2 Decision E90050 dated October 15, 1990 provided the reasons for the Board's decisions in Order E90051. The following summarizes the significant Phase 2 findings.

(d) Phase 2 costs were under Board review at year end.

C2 Sales and Revenues Forecasts

The Board considered APL's proposal to not forecast any revenues for its new rates and riders to be reasonable under the existing circumstances. APL had no experience with the innovative rates and, in combination, the new rates and riders were expected to be revenue neutral.

C3 Cost of Service

The Board generally accepted APL's 1990 forecast cost of service study. An adjustment to the cost of service study was made by the Board respecting the treatment of the benefits of interruptible load. The Board considered that the benefits of Class II interruptibles should be shared by all classes of customers; therefore, the Board adjusted APL's costs by customer class. As APL did not forecast any Class II energy or Class III sales no adjustment was required for interruptible benefits respecting these classes. Respecting APL's time of use study, the Board accepted APL's definition of on-peak and off-peak hours and its time of use demand and energy differentials.

C4 Rate Design Policies

The Board generally accepted APL's reasons for retaining monthly demand ratchet clauses. The Board noted that there may be circumstances when a demand ratchet does not provide the appropriate price signal.

C5 Individual Rates, Tolls and Charges

In general, the Board's changes to APL's proposed rates were designed to slightly decelerate APL's movement of all rate classes towards the 95% to 105% revenue to cost range.

(a) Residential Rate 11

APL proposed an average increase of 9.7% and the Board approved an increase of 8.5%. The revenue to cost ratio moved from 85.8% to 93.1%. The Board considered that APL's movement of Rate 11 towards the 95-105% revenue to cost target range should be slowed slightly.

(b) Small General Service Rate 21

APL proposed an average decrease of 9.4% and the Board approved an average decrease of 8.0%. The revenue to cost ratio moved from 128.1% to 117.8%. The Board considered that APL's movement of Rate 21 towards the 95-105% revenue to cost target range should be slowed slightly.

The Board agreed to delete Rate Schedule 28 which was the small general service rate for customers in the Lloydminster franchise area. Rate 21 is now competitive with SaskPower's rates, therefore former Rate 28 customers will be served under Rate 21.

(c) Irrigation Rate 25

APL proposed an average increase of 9.4% and the Board approved an increase of 9.0%. The revenue to cost ratio moved from 69.2% to 75.8%. The Board considered that it would be fair to temper the adjustments required to restore the revenue to cost ratio for Rate 25 over a longer period of time than usual.

(d) Large General Service/Industrial Rate 31

The Board accepted APL's proposal to increase Rate 31 by an average of 7.1%. The revenue to cost ratio moved from 93.2% to 99.9%.

(e) Standby Power - Rate 32

Rate 32 was a new rate approved by the Board. APL's proposed Rate 32 included a monthly demand ratchet which the Board did not accept. The Board approved a daily demand charge and a daily reservation charge for Rate 32. The Board considered that a daily demand charge calculated from the monthly Rate 31 demand charge would be more reflective of the costs associated with standby use. The Board also considered that a daily demand charge would provide the proper price signal for standby customers to quickly rectify any self-generation outage.

(f) Bid Energy - Rate 33

The Board approved APL's proposed bid energy rate. Rate 33 was a new rate that allows Rate 31 customers to bid for energy when APL determines that there is sufficient system capacity and energy available. Rider B was also introduced and approved to allow continuous notification of the availability of bid energy.

(g) Procter and Gamble Cellulose Ltd. - Rate 37

The Board approved APL's proposed Rate 37. Rate 37 was increased by 19.9% which moved Rate 37 from a 79.7% to a 95.6% revenue to cost ratio. The on-peak hours for Rate 37's time of use component were redefined. Formerly, these were weekdays from 4:00 to 9:00 p.m. for October through March and from 9:00 a.m. to 9:00 p.m. weekdays for April through September. These were set at weekdays from 7:00 a.m. to 11:00 p.m. for all months of the year.

(h) Maintenance Energy - Rate 38
Rate 38 was a new rate accepted by the Board as proposed by APL. Rate 38 is designed to meet the maintenance needs of large customers with their own generation or for pre-scheduled testing.

(i) REA Farm Service - Rate 51
The Board approved APL's proposed Rate 51. Rate 51 was decreased by an average of 13.7% which moved the revenue to cost ratio from 122.3% to 105.5%.

(j) Farm Service - Rate 56
The Board approved APL's proposed Rate 56. Rate 56 did not receive an average increase or decrease in rates. The revenue to cost ratio for Rate 56 was moved from 103.9% to 104.0%.

(k) Municipal Street and Private Lighting Services Rates 61 and 63
APL proposed an average increase of 9.8% for Rate 61 but the Board approved an increase of 9.0%. The revenue to cost ratio for Rate 61 moved from 84.6% to 92.2%. The Board considered that APL's proposed increase of Rate 61 into the 95 to 105% revenue to cost range should be slowed.

APL proposed an average increase of 6.2% for Rate 63 but the Board approved an increase of 3.3%. The revenue to cost ratio for Rate 63 moved from 98.7% to 102.0%. APL's proposed increase would have moved Rate 63 to a 104.7% revenue to cost ratio. The Board considered that it was inappropriate for APL to increase the revenue to cost ratio for a customer class to almost the upper limit of the tolerance range of 95% to 105% when the existing revenue to cost ratio was in the Board's prescribed range. The Board limited the increase to Rate 63 to APL's average increase of 3.3%.

(l) Rate Riders General
The Board accepted all of the rate riders and changes to rate riders as proposed by APL. Several new rate riders were introduced which reflect new services offered such as plant commissioning; a small general service rate for excess demand; a time of use rate for company farm or REA customers; and a time of use rate for industrial customers.

C6 Electric Service Regulations
The Board accepted APL's proposed changes to the electric service regulations with the addition of minor changes to the procedure for amending the electric service regulations and the provision for security deposits.

1.3 A **Alberta Power Limited**
RE89109 / RE89110 / E3.5.89-70 / E3.5.89-71

B For approval of a change in rates relating to the Village of Minburn and the Town of Wembley because of changes in the revenue tax rates.

C Approved / E90009
dated February 14, 1990.

1.4 A **Alberta Power Limited**
RE90003 / E3.5.89-72

B For approval of a change in rates relating to the Village of Donalda because of a change in the revenue tax rate.

C Approved / E90020 dated April 11, 1990.

1.5 A **Alberta Power Limited**
RE90022 / RE90045 / E3.5.89-73 / E3.5.89-75

B For approval of a change in rates relating to the Village of Glendon and the Village of Lavoy because of a change in the revenue tax rate for the Village of Glendon and the method of municipal taxation for the Village of Lavoy.

C Approved / E90066
dated November 7, 1990.

1.6 A **Alberta Power Limited**
RE90036 / E3.5.89-62 RV

B To review and vary Board Decision E89095 dated December 15, 1989 as amended by Order E90013 dated February 7, 1990. Decision E89095 set Alberta Power's revenue requirement for the 1989 and 1990 test years.

C1 General
Decision E90054 dealt with Alberta Power's application for review and variance of six elements of Decision E89095. The Board decided to review all of the six items. The Board's findings respecting each of the items are set out below.

The Board's approved variances reduced the 1989 surplus revenue to be refunded from $13.1 million to $9.9 million and increased APL's 1990 revenue requirement from $444.8 million to $445.8 million.

C2 Reserve for Injuries and Damages
APL requested that the amount allowed to be charged to the Reserve for Injuries and Damages in respect of the Battle River 5 purchased power extra expense be increased by $2,097,000. The Board allowed an additional total charge of $1,848,000 to the Reserve which would be added in the amount of $616,000 in each of the years 1989, 1990, and 1991. The Board limited the amount which could be charged to the Reserve because the Board considered that the level of self-insurance for which customers are liable respecting generation outages on a forecast basis should not exceed the amount covered by the daily indemnity in the existing insurance policy.

C3 Unbilled Revenues
APL requested that its forecast unbilled revenues were incorrectly stated as $16.6 million rather than the correct amount of $14.0 million. The Board accepted APL's correction to unbilled revenues and decreased the 1989 refund by $2,544,000.

C4 1% increase in Forecast Sales Revenue
APL requested that the Board reverse its decision to increase APL's forecast sales revenue for 1990 by 1%. The Board did not accept APL's argument and did not vary the 1% increase in forecast sales.

C5 Change of Plans by AEC and Esso
APL submitted that a portion of its forecast load growth would not be realized as two major projects (AEC Slave Lake Mill and Esso Judy Creek) deferred their start-up dates. The impact of this change would be a decrease in net forecast revenues of $3,700,000 in 1990. The Board was not persuaded that APL's requested changes to forecast energy sales were sufficiently exceptional to warrant a variance and, additionally, such a variation was within the range of APL's past forecasting variances. The Board therefore did not vary the sales forecasts respecting AEC and Esso.

C6 Public Utilities Board Costs
APL noted that a Government of Alberta bill was expected to be passed which would allow the PUB to charge Alberta utilities an amount to cover a portion of the Board's operating costs. The Board allowed APL to include costs of $375,000 relating to the PUB assessment in revenue requirement for 1990.

C7 Export Sales Credits
APL applied to review the Board's calculation of export sales credits. The requested change would increase 1990 revenue requirement by $1,124,000. The Board did not vary the export sales credits in Decision E89095 as it did not accept APL's calculation of the proposed adjustment.

I.7 A **Alberta Power Limited**
RE90044 / RE90053
E3.5.89-74 / 900011-2055-0005-0032

B For approval of a change in rates relating to the Town of High Level because of a change from a property tax to a franchise tax and a change in rates relating to the Town of Spirit River because of a change in the revenue tax rate.

C Approved / E90075
dated November 21, 1990.

I.8 A **Alberta Power Limited**
RE90059 / RE90082 / RE90086
900023-2230-0007 / 900065-2230-0007 /
900071-2230-0007

B For an Order or Orders approving the purposes of, and authorizing the issue to Canadian Utilities Limited of an 11.40% Debenture 1990 Series in the principal amount of $110,000,000; an 11.77% Debenture in the principal amount of $65,000,000; and 641,000 common shares in the capital of the Corporation for aggregate consideration of $10,025,000.

C In Order E90092 dated December 21, 1990, approval was given for the purposes of the issue of the debentures and common shares by APL and authorization of the Board was given for each of the three issues. In regard to the common share issue, the Board proceeded pursuant to Section 50(1) of the PUB Act which allowed the Board to make an order in the manner as if due notice had been given.

I.9 A **Alberta Power Limited**
RE90091 / 900080 2090 0005 0002

B Application dated December 13, 1990 by the City of Calgary for an order of the Board regarding the accounting for Income Taxes in the utility revenue requirement for APL.

C In process at year end.

I.10 A **Alberta Power Limited**
RE90070 / 900052-2090-0005-0002

B For approval of a change in rates relating to the Town of Grande Cache because of a change in the revenue tax rate.

C Approved / E90084
dated December 12, 1990.

I.11 A **Border Power Ltd.**
RE89107 / E3.8.89-6

B For approval to change the existing rates,

tolls and charges for electric utility service supplied to the Village of Coutts for the 1989 and 1990 test years.

C1 General

(a) In Decision E90025 dated March 28, 1990, the Board granted interim rate relief to Border effective for all consumption on or after March 1, 1990. The Board was persuaded that the financial integrity of Border might be threatened if interim rates were not granted. The Board considered that granting interim rates would aid in matching costs to revenues and in achieving some rate stability. The Board accepted Border's position that the interim rates were refundable.

(b) In Decision E90031 dated July 30, 1990, the Board determined the rate base, fair return and utility revenue requirement for the test years 1989 and 1990. Decision E90031 also set rates based on the 1990 revenue requirement, approved the terms and conditions of service for Border Power Limited and approved hearing costs.

C2 Rate Base

(a) Gross Plant in Service

Border submitted figures for gross plant in service which were restated at original cost, according to the directions given in Decision E85002 dated January 4, 1985. The Board accepted these figures as reasonable. The Board approved additions to plant in service for each test year.

(b) Necessary Working Capital

The Company calculated its allowance for cash operating expenses by means of the 1/8th rule. The Company included debt and equity return in cash operating expenses. The Board disallowed return on debt and equity in the 1/8th rule calculation but did include income taxes for necessary working capital purposes. The Board accepted the amount of materials and supplies submitted by the Company. The Board adjusted the amount of unamortized rate hearing costs to reflect the actual costs submitted.

C3 Cash Operating Expenses

(a) Purchased Power Costs

The Board accepted the Company's forecast of cost of power purchased from Marias River Co-operative Inc. and exchange cost for each test year. Border was directed to supply evidence on a deferred exchange account at the time of its next general rate application.

(b) Salaries and Wages

The Board accepted the Company's forecast of salaries and wages for each test year.

(c) Travel Expense

The Board considered that the Company's forecast of travel expenses of $8,900 for each test year was excessive and allowed $4,450 as an amount that would be reasonable for a Company the size of Border.

(d) Other Cash Operating Expenses

The Board reduced the rent paid by Border to the McPhillips family by $300 per year as the Company's garage was also occupied by an unrelated business. The Board reduced Dues and Memberships expense forecasted by the Company from $300 to $200 as $100 of newspaper and magazine subscriptions were considered to be for personal use of the owners.

C4 Non-Cash Operating Expenses

Border forecast non-cash operating expenses of $14,361 for 1989 and $15,018 for 1990 consisting of depreciation, amortization of CIAC, loss on sale of assets and amortization of rate hearing costs. The Board accepted these expenses and adjusted the amortization of rate hearing expenses for actual expenses submitted.

C5 Fair Return

The Board approved the use of the actual capital structure of the Company. The Board considered that the shareholder loan should not be included in the equity portion of capital structure. As part of the debt portion, the shareholder loan should earn prime plus 1% at the time incurred. The Board set a rate of return of 14.5% on the portion of rate base financed by equity. The Board considered this recognized the risk of Border Power relative to other electric utilities in Alberta.

C6 Utility Revenue Requirement and Surplus (Deficiency)

The Board determined a utility revenue requirement of $239,327 for 1989 and $244,221 for 1990. The Company filed revenues of $215,340 for 1989 at existing rates and $245,890 at proposed rates. This resulted in a deficiency of $23,987 for 1989 and a surplus of $1,669 for 1990.

C7 Utility Revenues

(a) Residential and Commercial Rates

Although the Company did not produce a cost of service study, the Board approved Border's method of arriving at proposed rates. The Board adjusted Border's interim rates downward to reflect the surplus for 1990.

(b) Deficiency Rider

The Board approved a deficiency rider of 10.6% to be applied to all billings from August 1, 1990 to July 31, 1991. The deficiency rider was intended to recover revenue deficiencies from 1989, the first two months of 1990 and refund a surplus

generated by interim refundable rates approved in Decision E90025 dated March 28, 1990 that were higher than the final rates set in Decision E90031.

C8 Other Matters

The Board approved the Company's Terms and Conditions of Service as amended. Border was directed to inform the Board as soon as it was prudent to obtain power from another source.

C9 Costs

The Board approved rate hearing costs of $9,085.57 incurred by the applicant. None of the interested parties applied for costs.

1.12 A **TransAlta Utilities Corporation**
RE89032 / E3.6.89-21

B For approval to change existing rates, tolls and charges for electric light, power or energy furnished to its customers in Alberta for the test years 1988, 1989 and 1990.

C1 General

(a) In Decision E89091 dated December 15, 1989, the Board determined TransAlta's rate base, fair return and revenue requirement for each of the test years 1988, 1989 and 1990.

(b) In Order E90014 dated February 7, 1990, the Board amended Decision E89091 as a result of certain calculation errors it had noted in the "Schedules" supporting Decision E89091, and in response to some questions TransAlta had raised respecting certain calculations in Decision E89091.

(c) In Decision E90026 dated March 26, 1990, the Board approved an Initial Refund Rider beginning April 1, 1990 to begin refunding the $99.5 million surplus for the years 1988 and 1989 and to collect the $18.0 million EEMA adjustment for the year 1988, as determined in Decision E89091 as amended. The Board considered that the approval of the Initial Refund Rider on a final basis did not preclude a discussion of the methodology of refunding either the net EEMA adjustment or the 1988 and 1989 surplus. The Board agreed that refunding of the 1988 and 1989 surplus should begin as soon as possible.

(d) In Decision E90028 dated May 1, 1990, the Board determined the applicant's and intervenors' Phase I costs. The Board allowed TransAlta external costs of $311,402.62. TransAlta had claimed a total amount for fees and disbursements of $315,134.43. The Board determined that TransAlta should pay total intervenors' costs of $871,964.68. Intervenors had claimed a total amount for fees and disbursements of $875,025.67.

(e) In Order E90058 dated September 25, 1990, the Board, on its own initiative, varied TransAlta's 1990 revenue requirement as determined in Decision E89091. The Board reduced the 1990 revenue requirement by $8.7 million to reflect final 1990 EEMA forecast costs as filed in TransAlta's Phase 2 evidence. The Board also considered that TransAlta's contribution towards the Board's operating costs for 1990 in the amount of $846,000, as provided for in the Public Utilities Board Amendment Act, should be included in the 1990 revenue requirement.

(f) In Order E90056 dated September 25, 1990, the Board approved rates, a Residual Refund Rider and Terms and Conditions of Electric Service for TransAlta for consumption on and after October 1, 1990, with reasons to follow. In Phase 2 Decision E90055 dated October 15, 1990, the Board provided the reasons for the rates approved in Order E90056. The following summarizes the significant Phase 2 findings.

(g) Phase 2 costs were under Board review at year end.

C2 Sales And Revenue Forecast

The Board considered that TransAlta, in its "Phase I forecast" rates, had complied with the Board's direction, in Order E90014, to file a revised schedule of rates based on the Board approved Phase I sales forecast and Revenue Requirement.

C3 Cost Of Service Study

The Board generally agreed with the results of the cost of service study submitted by TransAlta with some exceptions. The Board considered that upstream and downstream income tax should be allocated on the same basis. Therefore, the Board allocated downstream income tax on the basis of return. With respect to the treatment of the benefits of interruptible loads, the Board stated that the finding of previous EEMA Decisions, that no generation costs were caused by interruptibles, would be used. The Board stated that it intended to address the issue in the forthcoming 1989 EEMA Adjustment Proceedings. The Board considered that Class II interruptibles were similar in characteristics to sales to B.C. Hydro and that the benefits should be shared by all classes of customers. The Board considered that Class III interruptibles should make a contribution to fixed generation costs because the maximum interruptibility was contractually limited to 800 hours per year. This net benefit should also be shared among all classes of

customers. The Board adjusted the cost of service study accordingly.

C4 Rate Design

(a) Principles to be Considered in the Design of Rates

The Board agreed with the eight principles or criteria used in the design of rates by TransAlta. The Board considered that the overall level of rates is governed by the Board approved revenue requirement. The structure of rates should have regard to present and future costs and promote desirable load characteristics.

(b) Rate Design Policies

The Board generally accepted TransAlta's reasons for retaining monthly demand ratchet clauses in proposed rates. However, the Board noted several circumstances which would obviate the need for demand ratchets. Accordingly, the Board directed TransAlta to address the issue of demand ratchets at the time of its next general rate application.

(c) Revenue to Cost Ratio by Customer Rate Class

The Board considered that TransAlta had complied with the Board's direction from Decision E86051 to file rates which reflect a definite move of the revenue to cost ratio towards the 95% to 105% range. The Board recognized that revenue to cost ratio is only one of the factors to be considered in rate design but it is important to make a definite move, in circumstances where the revenue to cost ratio is out of tolerance, in the direction of the mid-point of the 95% to 105% range.

C5 Individual Rates, Tolls And Charges

(a) Residential Rate 190

The Board accepted TransAlta's proposal for a 4.1% increase to this rate as constituting a definite move towards the target revenue to cost ratio. The Board accepted TransAlta's proposal to place most of this increase on the fixed charges on the basis of evidence that this would still recover less than the fixed component of cost.

(b) Small General Service Rate 290

The Board accepted TransAlta's proposal for a reduction of 11.3% for this rate. The Board considered that the removal of the demand ratchet below 50 kW of load would benefit seasonal users.

(c) Farm Rates 300 and 310

The Board accepted the capacity charge for Rate 300 but decreased the energy charge for both Rate 300 and 310 from TransAlta's proposal of $0.0480 per kWh to $0.0477 per kWh. The Board considered that, after the sharing of interruptible benefits among all customer classes, a greater decrease was warranted.

(d) Irrigation Rates 520, 530 and 54

The Board noted that the cause of the revenue to cost ratio for these rates dropping from 105.2% to 61.1% since the 1986 general rate application was approximately half due to the change in allocation methodology from the ICP to the 3W/9NW methodology and half due to increased costs and lower revenues per customer. The Board considered that it was just and reasonable to continue to use the 3W/9NW method of cost allocation for all customers. However, the Board considered it appropriate to limit the proposed 8.5% increase to 7.5% as customers of this rate had invested heavily in equipment based on the 1986 rates. The Board directed TransAlta to provide evidence on the appropriateness of a time of use structure for irrigation rates at the time of its next general rate application.

(e) Exterior Lighting Rates 600, 620, 670 and 699

Because the 8.1% rate decrease proposed by TransAlta would move the revenue to cost ratio for this rate class below 100% after the Board's treatment of the benefits of interruptible loads, the Board considered that a 4.6% decrease would be more appropriate to this rate class.

(f) Posted Temporary Energy Rate 700/Bid Energy Rate 720/Oilfield Pumping Rate 730

The Board accepted TransAlta's proposals for Rates 700 and 720 and approved the 10.3% rate decrease for Oilfield Pumping Rate 730.

(g) Electric Arc Furnace Rate 780

The Board lowered TransAlta's proposed 8.2% rate increase to 4.8% by deferring phase-out of the Off-Peak Rate Modification provision by one year. The Board agreed with the phase-out of this provision due to changing characteristics of the AIS.

(h) Large General Service Rate 790

The Board did not accept TransAlta's proposal for a single energy block for this rate. The Board considered that a rate design that is based on short run incremental costs may not reflect long-run marginal costs for energy and demand from a planning perspective. However, the Board considered that the rate for the second energy block should be raised from $0.0095/kWh in view of the increasing use of gas-fired generation at the margin.

The Board directed TransAlta to address the appropriateness of a high load factor energy block at the time of its next

general rate application. The Board considered that the matter of averaging costs at the 25 kV level would be properly dealt with at a future EEMA proceeding. The Board accepted the demand ratchet associated with this rate consistent with the Board's position under "Rate Design Policies". The Board accepted the proposal of TransAlta with respect to power factor credits consistent with the Board's position on Rate 850.

(i) Wholesale Rate 850
The Board noted that the increased rates proposed by TransAlta would bring this customer class to a 99.7% revenue to cost ratio. However, the Board considered that, because a customer class had achieved a high load factor, this should not be a reason for imposing a higher ratchet than other customer classes. Therefore, the Board reduced the ratchet for this class of customer to 85% and adjusted the demand charges in order that this change would remain revenue neutral.

(j) Rate Riders (General)
TransAlta proposed a number of rate riders for various special situations and for customer options on methods of determining bills. For purposes of brevity, only those changes from TransAlta proposals are noted below.

(k) Interruptible Credit (Rate Rider 12)
The Board accepted TransAlta's proposals for Rider 12 with the exception of the minimum eligibility for the credit. The Board considered that the evidence was that the criterion for eligibility was whether customer personnel were available to interrupt the load rather than the size of the load itself. Therefore, the Board reduced the minimum load to be eligible for this rate to 1000 kW.

(l) Load Retention Option (Rate Rider 13)
The Board denied the proposal of TransAlta for this rate on the basis that the terms of eligibility were subjective and inappropriate for utility service rates.

(m) Electric Motor Conservation Payment (Rate Rider 17)
TransAlta proposed payments to customers purchasing energy-efficient motors of $400 per kW of reduced demand to a maximum of 25% of the total capital cost of the energy efficient motor. The Board accepted TransAlta's proposal as a pilot program for a comprehensive conservation program to follow. The Board agreed with the accounting treatment proposed by TransAlta for this one program only. The Board concurred with the proposal of TransAlta to assign the costs of this program to the customer class incurring the cost.

(n) Aluminum Smelter Rate Concepts
The Board disagreed with the analogy drawn by TransAlta that approving the concepts advanced by TransAlta was similar to the Board's directions concerning revenue to cost ratios. The Board considered that the concepts advanced by TransAlta pertained to only one customer whereas the Board's directions with respect to revenue to cost ratios pertained to a broad class of customers. The Board considered that it would be more appropriate to deal with a rate for aluminum smelters in the context of a specific rate proposal because the concepts proposed pertained to one specific customer. The Board provided TransAlta with a list of items to include in supporting evidence if such a specific rate proposal were to be made.

(o) Time of Use Rates
The Board approved time of use rate Riders 15 and 16 because there was evidence that surplus capacity exists on the AIS during late night hours. The Board directed TransAlta to carry out a Time of Use Cost of Service Study to be submitted at the time of its next general rate application.

C6 Refund Riders
The Board approved the proposal of TransAlta to distribute the Residual Refund Rider across-the-board. The Board considered that 8.35% was a reasonable level of refund. The Board concluded that there was a total of $79.7 million to be refunded to customers. Because of the uncertainty surrounding actual consumption during the period of refund, the Board considered that the termination date should be when all the surplus had been refunded. The Board directed TransAlta to file a monthly report informing the Board of amounts refunded to date.

C7 Terms And Conditions Of Service
The Board approved TransAlta's Terms and Conditions of Electric Service except for clause 10.3 requiring a customer deposit if the payment record was "not satisfactory". The Board considered that TransAlta and other customers were sufficiently protected by provisions for late payment penalties and disconnection. The Board amended this clause to permit TransAlta to require a deposit only in the case of new customers without a satisfactory credit rating.

1.13 A TransAlta Utilities Corporation
RC90016 / C3.6.87(1)(e) & (g)-17

B For an Order of the Board to amend a

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previous Order by approving the purposes of and authorizing the continued issue of Medium Term Secured Debentures, Series "A" at an interest rate in excess of 12.5%.

C Order C90020 dated June 20, 1990 amended Order C89023 dated May 30, 1989 by setting the interest rate at not more than 14% per annum on the issue of debentures approved in Order C89023.

1.14 A **TransAlta Utilities Corporation**
RC90017 / C3.6.87(1)(e)-50

B For an Order of the Board approving the purposes of and authorizing the issue of common shares pursuant to the amended Dividend Reinvestment and Share Purchase Plan.

C Approved / C90021 dated June 20, 1990.

1.15 A TransAlta Utilities Corporation
RC90018 / C3.6.87(1)(e)-51

B For an Order approving the purposes of and authorizing the issue of common shares pursuant to the amended Employee Share Purchase Plan and Employee Award Programs.

C Order C90022 dated June 20, 1990 approved the purposes of and authorized the issue of common shares pursuant to the amended Employee Share Purchase Plan. The hearing of the application respecting the Employee Award Programs was adjourned sine die.

1.16 A **TransAlta Utilities Corporation**
RC90021 / C3.6.87(1)(e) & (g)-18

B For an Order approving the purposes of and authorizing the issue of $100,000,000 principal amount of 11 3/8% Secured Debentures, Series Q.

C Approved / C90024 dated July 19, 1990.

1.17 A **TransAlta Utilities Corporation**
RE90021 / E3.6.89-21 RV

B For a review and variance of Board Phase I Decision E89091 dated December 15, 1989 as amended by Order E90014 dated February 7, 1990.

C In Order E90040 dated June 12, 1990, the Board denied TransAlta's application with reasons to follow. In Decision E90047 dated July 13, 1990, the Board provided reasons for denying TransAlta's application. The Board considered that the change in energy sales of 3.7% was not sufficiently exceptional to warrant a review of the Phase I decision. The Board found that such a variation was within the range of historical forecasting errors. The Board also considered that the forecast presented in the Phase I portion of the proceedings was based on the best information then available and had been properly prepared. The Board found that the changes in debt rates and the consequent change in TransAlta's financial plan were not exceptional enough to warrant a review. The Board was not persuaded that denial of the review and variance would necessarily result in such variation between achieved return and allowed return that variance would be warranted.

1.18 A **TransAlta Utilities Corporation**
RC90033 / 900002-2400-0006-0018

B For an Order of the Board approving the purposes of and authorizing the issue of $100,000,000 principal amount of 11.5% Secured Debentures, Series R.

C Approved / C90038
dated September 26, 1990.

1.19 A **TransAlta Utilities Corporation**
RE90052 / 900005-2090-0006-0002

B For an EEMA Flow-Through Rider to be effective from January 1, 1991 to December 31, 1991.

C1 In Decision E90082 dated December 21, 1990, the Board approved TransAlta's proposal to refund the adjustment amount arising from the 1989 EEMA Adjustment proceedings. The Board also approved TransAlta's proposal to recover the increase in EEMA transfer payments above the amount included in rates as proved by Board Order E90056 dated September 25, 1990. EEMA transfer payments result from the difference between the deemed revenue from the the Electrical Energy Marketing Agency and the deemed cost paid to the Agency. The Board concurred with the proposal of the REA's that the EEMA Flow-Through Rider should be calculated on the energy portion only of the TransAlta farm customers' bills. The Board also concurred with the proposal of TransAlta and APL that the change in the forecast EEMA transfer payments should be included in base rates at the time of the next general rate application.

The Board denied TransAlta's proposal to recover an estimated $4.6 million shareholder loss which was expected to arise from an under-collection of EEMA transfer payments embedded in the 1990 revenue requirement used by the Board in setting rates in Order E90056. The Board considered that shareholder neutrality would be realized over time to the extent that shareholder losses balance shareholder gains over time. The Board considered that TransAlta had proposed a new proce-

dure for 1990 to address shareholder neutrality. Given the statutory constraints, the Board considered that a general rate application would be the proper forum to test such a procedure. The Board set out those matters that should be addressed at a general rate application, should any party propose a yearly reconciliation similar to that proposed by TransAlta with respect to 1990. The Board considered that its findings in Decision E90082 set out common principles which were equally applicable to APL.

The dissenting opinion of Member J. R. Dunstan considered that TransAlta's application should have been approved as proposed. Approval of TransAlta's proposal for 1990 would preserve shareholder neutrality for each year with respect to the actual cost of EEMA over which TransAlta has no control.

C2 In Order E90097 dated December 31, 1990, the Board approved TransAlta's updated EEMA Flow-Through Rider filing dated December 27, 1990. The Board considered that the increased rates, by customer class, reflected the Board's determinations in Board Orders E90087, E90088, E90089 and E90090, all dated December 31, 1990, and the Board's directions in Decision E90082.

1.20 A **TransAlta Utilities Corporation**
RE90064 / 890023 2170 0006 0002 / (E3.6.89-21A RV)

B Application dated November 1, 1990 by the City of Calgary for a Review and Variance of Board Decision E89091 dated December 15, 1989 and Amending Order E90014 dated February 7, 1990, in respect of unbilled revenues.

C In process at year end.

1.21 A **TransAlta Utilities Corporation**
RE90089 / 900033-2510-0006-0002

B Complaint by Ben R. Plamer alleging unfair billing respecting Midway Motel.

C In process at year end.

1.22 A **TransAlta Utilities Corporation**
RE90090 / 900079-2090-0006-0002

B Application dated December 13, 1990 by the City of Calgary for an order of the Board regarding the accounting for Income Taxes in the utility revenue requirement for TransAlta.

C In process at year end.

1.23 A **TransAlta Utilities Corporation**
RE90098 / 900087-2090-0006-0002

B For an order or orders of the Board as a consequence of certain applications filed by the City of Calgary regarding TransAlta's unbilled revenues and income taxes.

C In process at year end.

Section 2: Electric Energy Marketing Act Proceedings

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

2.1 A **Alberta Power Limited / Edmonton Power / TransAlta Utilities Corporation**
RE89037 / E3.5.5/88 (Costs) / E3.6.5/88 (Costs) / E3.6.89-21 (Costs)

B Determining and fixing the applicants' and intervenors' costs arising from the 1988 EEMA Adjustment Proceeding.

C In Decision E90029 dated May 18, 1990, the Board determined that the allowed external costs of APL, EP, and TransAlta were $32,807.78. The applicants had claimed a total amount for fees and disbursements of $32,835.32. The Board determined that the applicants should pay total costs of the intervenors of $43,752.71. The intervenors had claimed a total amount for fees and disbursements of $43,827.71.

2.2 A **Alberta Power Limited / Edmonton Power / TransAlta Utilities Corporation**
RE89041 / RE89043 / RE89045 / E3.5.3/90 (Costs) / E3.16.3/90 (Costs) / E3.6.3/90 (Costs)

B Determining and fixing the applicants' and intervenors' costs arising from the 1990 EEMA Forecast Proceeding.

C In Decision E90038 dated May 18, 1990, the Board determined that the allowed external costs of the applicants were $323,976.45. The applicants had claimed a total amount for fees and disbursements of $374,460.05. The Board considered Edmonton Power's claim excessive and reduced total costs by $50,483.60. The Board determined that the applicants should pay total costs of the intervenors of $316,503.50. The intervenors had claimed a total amount for fees and disbursements of $319,963.30. The Board did not allow fees in the amount of $500 which had been claimed by an individual consumer. Secretarial costs claimed by a consultant representing the City of Lethbridge and Municipal Intervenors in the amount of $2,708 were disallowed by the Board.

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23 A **Alberta Power Limited / Edmonton Power / TransAlta Utilities Corporation**
RE89077 / RE89078 / RE89061 / RE89062 / RE89072 / RE89074 / RE89075
E3.6.5/87 (Costs) RV / E3.6.3/89 (Costs) RV

B Applications for a review and variance of Cost Decisions E89036 and E89039. The applicants, whose claims for costs had been reduced, were EP, TransAlta, the Alberta Association of Municipal Districts and Counties, the Alberta Federation of REAs Ltd. and the City of Lethbridge. Each applicant stated that the Board's reasons for disallowance of certain costs disclosed areas in which the Board proceeded on the basis of an error of fact or law.

C Order E90053 dated August 24, 1990 denied the review and variance. The Board noted it was more concerned with the quantum and reasonableness of the cost claims than with the nature of the proceedings. Further, Section 60(1) of the PUB Act applies to proceedings under the EEM Act and gives the Board the authority to award costs at its discretion. The Board was not convinced that persuasive arguments had been adduced to review and vary the discretionary cost awards and therefore the applications to review and vary Decisions E89036 and E89039 were denied.

24 A **Alberta Power Limited / Edmonton Power / TransAlta Utilities Corporation**
RE90028 / RE90029 / RE90031 /
E3.5.3/91 / E3.16.3/91 / E3.6.3/91

B To set the price at which APL, EP and TransAlta would sell electric energy to the Alberta Electric Energy Marketing Agency (EEMA) in 1991 pursuant to the Electric Energy Marketing Act.

C1 *General*
The Board received filings dated June 1, 1990 in which each of APL, EP and TransAlta filed forecasts of costs in support of prices to be set for each consumer group at which electric energy would be sold to EEMA during the year 1991. By agreement of all the interested parties, it was determined that there was no requirement for a public hearing respecting these filings.

By Decision E90081 dated December 14, 1990, the Board determined the basis for determining the cost at which the three utilities would sell electric energy to EEMA during 1991. A summary of the Board's findings respecting certain significant issues addressed in this Decision follows.

C2 SPC-DC Tie Line - Used Or Required To Be Used
APL proposed to include its SPC-DC interconnection in 1991 upstream costs on the basis that energy had been imported over this line on February 10, 1990 in order to contribute to the AIS operating reserve. This satisfied the used or required to be used criterion, in APL's opinion. The Board considered that the SPC-DC Tie was not required to meet existing AIS design reliability standards for 1991, nor was it included in any reliability studies for 1991. The Board considered that the use in 1990 was incidental to satisfy extraordinary operating circumstances. Such use did not qualify the asset for inclusion in rate base. APL was directed to exclude the investments and costs associated with the SPC-DC Tie in its refiling. APL was also directed to recognize the SPC-DC Tie as a PHFFU asset and to calculate the operating benefits according to the method in Decision E90080.

C3 Sheerness Unit 2 Operating Benefits
The Board in Decisions E89091 and E89095 directed TransAlta and APL respectively to hold the completed costs of the Sheerness Unit 2 in PHFFU accounts. In a revised filing dated October 26, 1990 the three utilities submitted that the operating benefits adjustment should be made as if Sheerness Unit 2 did not operate in 1991. The Board agreed with this method of calculation of the operating benefit. The Board confirmed that the operating benefits should be prorated between PHFFU and shareholders on the basis of total fuel and purchased power savings net of fuel and incremental operating and maintenance costs attributable to intra-Alberta and Export sales respectively. The Board further directed the three utilities to reconcile fuel and purchased power costs at the time of the EEMA refilings.

C4 Genesee Unit 2 - Opening Plant Balance
The Board accepted the plant balance of $835,000,000 for Genesee Unit 2 for forecast purposes. The Board noted that the balance reflected the operating benefits adjustment contemplated by the Board in Decision E89097.

C5 Increase In O&M Expense - Edmonton Power
The Board accepted EP's forecast of O&M expenses for the purposes of this Decision. The Board directed EP to provide evidence on the target level of its reserve for self-insurance at the time of its 1990 EEMA Adjustment filing.

C6 Depreciation Expense - Edmonton Power
The Board accepted EP's calculation of depreciation expense subject to adjustment of the Genesee Unit 2 life-span to 39 years

and amortization of the Rossdale Units 2, 3, 4, 6 and 7 as per Decision E90081.

C7 Increases In O&M Expenses - TransAlta
The Board accepted TransAlta's O&M expenses as filed for purposes of this Decision but directed TransAlta to reflect the $5.2 Million payment for the Keephills/Ellerslie system, as filed by EP, in its refiling.

C8 Functionalization Of G&A Expense - Edmonton Power
The Board accepted the alternative proposal of EP to allocate 66% of G&A expense upstream. The Board directed EP to reflect this in its refiling and to provide detailed calculations in support of its G&A allocation at the same time.

C9 Cost Allocation To 500 KV Transmission Level
The Board accepted EP's classification of the transmission tap to the 500 kV level for the purposes of this Decision. The Board directed the three utilities to address the criteria on which voltage level differences should be identified and the type of plant to be included in each voltage level at the time of the 1990 EEMA Adjustment proceeding.

C10 Utility Refilings
On December 31, 1990, the Board issued Order E90087 setting the price for which APL would sell electric energy to EEMA in 1991; Order E90088 setting the price for which EP would sell electric energy to EEMA in 1991; and Order E90089 setting the price for which TransAlta would sell electric energy to EEMA in 1991.

25 A **Alberta Power Limited / Edmonton Power / TransAlta Utilities Corporation**
RE90039 / E3.5.5/89 / 3.16.5/89 / E3.6.5/89

B To adjust the price at which APL, EP and TransAlta sold electric energy to the Alberta Electric Energy Marketing Agency (EEMA) in 1989.

C1 General
In Decision E90080 dated December 14, 1990, the Board set out the basis for determining the cost of electric energy sold to EEMA during 1989 by each of the three utilities. A summary of the Board's findings respecting significant issues addressed in this Decision is as follows.

C2 Benefits From SPC-DC Interconnection
In Decision E89004, the Board had approved a forecast cost of 10 mills/kWh as a proxy for average AIS upstream energy cost and had considered this cost to be sufficient to cover the forecast incremental cost of generating and transmitting the export energy and to provide a reasonable contribution to fixed costs. The Board in Decision E90080 considered that the 10 mills/kWh was not sufficient to cover actual incremental costs and provide a reasonable contribution towards fixed costs. Accordingly the Board used a "split increment" approach. Under this method the difference between the export revenues and incremental cost of supplying the export energy was allocated 50% to shareholders and 50% as a contribution to fixed generation and transmission costs.

C3 Depreciation Study
The Board in Decision E90080 approved EP's negative net salvage estimates of 7% for Clover Bar and 31% for Rossdale as being reasonable.

The Board also approved EP's method of amortizing depreciation reserve differences over the remaining life of corresponding assets. With respect to Rossdale Units 2, 3, 4, 6 and 7, the Board considered that there was some uncertainty in determining the remaining useful lives of these units and directed EP to use a 10 year period for amortizing the depreciation reserve differences. The Board accepted EP's remaining depreciation calculations.

C4 Alberta Court Of Appeal And Supreme Court Of Canada Costs
Both the utilities and intervenors submitted that costs incurred for appealing Board Decision E89004 to the Alberta Court of Appeal and Supreme Court of Canada should be paid out of the utilities' PUB Hearing Cost Reserve Account. The Board considered its jurisdiction of awarding costs was limited to proceedings before the Board, and noted that the higher courts have schedules of costs and costs guidelines which are used to appropriately assess and award costs to parties appearing before them. With respect to the costs incurred by the intervenors, the Board noted that the higher courts had awarded them the right to claim costs in accordance with the appropriate rules of court. The Board considered that the utilities' costs should properly be borne by the shareholders and owners of the utilities.

C5 Utility Refilings
The Board approved the utilities' Section 17(2) Filings in Order E90090 dated December 31, 1990.

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Section 3: Water Utilities

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

3.1 A **Acheson Park Water Corporation**
RE89026 / E3.318.89-1

B For approval of a change in rates and terms and conditions of service.

C In process at year end.

Section 4: Natural Gas Utilities

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

4.1 A **Bonnyville Gas Company Limited**
RE90065 / 900017-2090-8555-0002

B For approval to establish a gas cost recovery rate (GCRR) for the year 1991.

C In Order E90095 dated December 28, 1990, the Board approved a GCRR of $0.022 per mcf. The Board examined the Company on the applicability of Royalty Tax Credits to Company production and accepted the Company's explanation that Royalty Tax Credits do not apply, and that instead the Company is granted an exemption from the requirement for valuation of royalties at 80% of the Average Market Price. The Board accepted the clarifications to its application provided by the Company by way of undertakings, and found that the forecasts provided by the Company were reasonable based on the evidence provided.

4.2 A **Bonnyville Gas Company Limited**
RE90066 / 900048-2065-8555-0002

B For approval of a change in rates relating to the Town of Bonnyville as a result of a change from a property tax to a franchise tax.

C Approved / E90077
dated November 21, 1990.

4.3 A **Canadian-Montana Gas Company Limited**
RE89064 / E4.23.3(1)8

B For an Order declaring that, for the purposes of the Public Utilities Board Act and the Gas Utilities Act, the Applicant is not an owner of a public or a gas utility.

C Decision E90024 dated March 2, 1990, approved the application, subject to certain conditions precedent.

The Board held that the essence of Canadian-Montana's application was to obtain the necessary approval of the Board to put itself in a position to discontinue service to its farm tap customers. The Board reviewed several authorities respecting the role and function of the Board and concluded that, in determining whether to grant the exemptions, it must consider the broader issue of what effect such an exemption might have on existing customers when the Company's stated intention was to discontinue service to its current customers. The Board reviewed several sections of the Public Utilities Board Act and the Gas Utilities Act and concluded that these statutes must be interpreted broadly to ensure that the public is protected and provided with a supply of gas at just and reasonable prices.

The Board reviewed Decision E88127 dated September 30, 1983 and concluded that a number of parallels existed between that situation and the one presently before the Board. Consequently, the Board ruled that "because of the Board's overall mandate to protect utility consumers in the Province and given the statutory requirements that a utility company provide safe and adequate service, it is the Board's opinion that if the Company wishes to remove itself from the utility business, it must do so at no additional cost to its customers."

Therefore, the Board directed that the exemption order would not become effective until certain conditions precedent were complied with, namely: (1) the Company was to pay the full costs of conversion from its system to: Forty Mile Gas Co-op Limited; Chinook Gas Co-op Ltd; Chin Coulee Gas Co-op Ltd; Chief Mountain Gas Co-op Ltd.; Canadian Western Natural Gas Company Limited; as applicable to those of its existing farm tap customers; (2) The Company was to maintain gas service at its current rates, to all of its farm tap customers until conversion to the other gas supply sources had been completed; (3) The Company was to advise the Board when conversion had been completed in order that the Board might take the steps necessary to amend Alberta Regulation 171/85.

4.4 A **Canadian Western Natural Gas Company Limited**
RC89052 / E4.7.35-89

B For approval of changes in the existing rates, tolls or charges for natural gas service furnished to its customers in Alberta for the 1989, 1990 and 1991 test years.

C1 General

(a) In Order C89037 dated August 2, 1989, the Board directed CWNG to file information which would enable the Board to, inter alia, fix just and reasonable rates for the 1989, 1990 and 1991 test years. The General Rate Application filed on November 1, 1989 by CWNG, was filed in response to Order C89037.

(b) In Decision C90026 dated July 27, 1990, as amended by Order C90032 dated August 24, 1990, the Board determined the new rate base, fair return on rate base and total revenue requirement for CWNG for the test years 1989, 1990 and 1991. The significant Phase I findings are summarized below.

(c) Order C90047 dated December 17, 1990 fixed applicant and intervenor costs with respect to the Phase I proceedings. The Board found that the cost claims were generally consistent with the value of assistance provided, and allowed all costs consistent with the Board's Scale of Costs. Intervenor costs were therefore approved in the amount of $278,836.29, and applicant external costs in the amount of $155,718.64 were allowed.

The Board instructed CWNG to pay the allowed costs and to record the costs in the hearing reserve account approved in Decision C90026 dated July 27, 1990 and to treat its disallowed claim of $24,627.91 and any other external costs incurred over and above those claimed as non-utility expenses for regulatory purposes.

The Board did not make any adjustment to its approved scale of costs in the order, stating that in spite of submissions by CWNG no evidence was presented to the Board to indicate that the scale of costs established by the Board was curtailing the ability of intervenors or CWNG to attract competent professional assistance and expert witnesses.

The Board was reluctant to make special allowance for a portion of CWNG's internal costs which CWNG claimed should be funded by the hearing reserve account, and considered that such costs should instead form part of CWNG's normal revenue requirement.

(d) Phase 2 proceedings were in process at year end.

C2 Capital Additions

CWNG's major project proposals included by the Board in its determination of CWNG's Rate Base included a new Crossfield operations centre, acceleration of the base mains replacement program, and a Banff transmission line looping project.

The Board reduced CWNG's proposed capital addition forecasts by 10% for 1990 and 1991. The Board considered a general over-provision in CWNG's forecasts had resulted in CWNG's actual capital additions historically being lower than its forecast additions. CWNG's argument that it had improved its capital addition forecasting method failed to persuade the Board that reduction was unnecessary.

C3 Necessary Working Capital

The Board accepted the use of a lead-lag method which considered not only operational requirements but also financial items in its calculation of Necessary Working Capital (NWC). The Board reduced CWNG's calculation of NWC by the full amount of unbilled revenues in 1989 and 1990 and the mid-year balance in 1991.

C4 Fair Return

CWNG requested a rate of return on common equity deemed to finance the rate base of 14.25% for 1989 and 14.0% for each of 1990 and 1991 which resulted in a forecast composite rate of return on rate base of 11.75% for 1989, 11.68% for 1990 and 11.5% for 1991. Intervenors submitted that the rate of return on common equity should be 12 5/8% - 12 7/8% for 1989 and 13.0% for each of 1990 and 1991.

The Board approved a rate of return on common equity deemed to be financing the Rate Base of 13.5% for 1989 and 13.25% for each of 1990 and 1991 resulting in a forecast composite rate of return on rate base of 11.5% for 1989, 11.4% for 1990 and 11.2% for 1991.

C5 Labour Expenses

CWNG used a forecast market driven yearly increase of 5.5% to inflate its labour expense forecasts. The Board considered that value too high and reduced CWNG's labour expense forecast to reflect a 4.5% market driven yearly increase.

C6 Depreciation

CWNG increased its depreciation expense to account for net salvage forecasts. The forecasts were determined by inflating current net salvage costs for an asset over the asset's expected life. The Board, while allowing inclusion of net salvage at the levels proposed by CWNG, expressed its concerns that the inflated values might not be appropriate and directed CWNG to maintain a separate record of its experience with net salvage.

Appendix I

Applications to the Board

C7 Normalization
CWNG forecast its temperature-sensitive sales and expenses using a normal degree day (DD) base which was substantially different from the fifty year rolling average the Board had approved for past forecasts. The Board rejected the new method used by CWNG to determine normal-DD but found that use of a shorter twenty year rolling average as normal-DD would be more appropriate than the fifty year. The Board increased CWNG's sales and gas cost forecasts to reflect the difference between the 4704 DD normal proposed and the 5196 DD normal accepted.

The Board also admonished CWNG for proposing a major untested change without supplying any information on the effects of the change in its application.

CB Revenue Surplus/Deficiency
CWNG identified a revenue deficiency of $2,700,000 in 1989, $10,778,000 in 1990 and $19,053,000 in 1991. The Board determined a cumulative revenue surplus of $6,903,000 for 1989/90. The Board determined a revenue deficiency of $8,291,000 in 1991.

The Board directed CWNG to file a proposed method to refund the accumulated surplus and the unbilled revenues in 1991. The Board also directed CWNG to file revised rates to recover the 1991 revenue requirement on an annualized basis.

43 A **Canadian Western Natural Gas Company Limited**
RE90005 / E4.7.35-90

B For approval of a rate reduction rider of $0.083 to affect a decrease in the existing winter gas cost recovery rate which had been approved in E89099 as amended by E89106. (CWNG had lowered its forecast of winter season per unit gas costs due to the warm winter.)

C Order C90002 dated January 25, 1990, approved CWNG's application. The Board considered it beneficial for CWNG's rates to reflect saving on the gas cost recovery component in a timely fashion. CWNG's application was also consistent with the Board's direction that, to minimize the balance in the DGA, CWNG should apply to the Board for a change in the GCRR if a significant change in the gas supply costs occurred between the normal application months of September and February.

44 A **Canadian Western Natural Gas Company Limited**
RE90012 / E4.7.35-91

B For a change in CWNG's summer season gas cost recovery rate (GCRR) effective April 1, 1990.

C In Interim Order C90009 dated March 12, 1990, the Board gave ex parte approval to CWNG's 1990 summer GCRR stating that the calculations and forecasts CWNG used to derive the 1990 summer GCRR of $1.200/GJ (the 1989 summer GCRR had been $1.223/GJ), were reasonable. In the application CWNG had prorated a reconciliation of gas cost recoveries with the "actual" gas costs for the 1989 summer season using a forecast of 1989 gas costs which might result from an arbitration and ongoing negotiations concerning unsettled price redetermination contracts. The Board considered that the reconciliation should be tested after the cost of the significant portion of summer 1989 gas purchased under unsettled contracts was finalized.

47 A **Canadian Western Natural Gas Company Limited**
RE90032 / E4.7.2

B Complaint by Joe Switzer requesting the retroactive billing of the natural gas account of the Rocky Mountain Condominium Association.

C Application withdrawn by the complainant, as the dispute was settled to the satisfaction of the parties.

48 A **Canadian Western Natural Gas Company Limited**
RE90058 / RE90083 / RE90087
900072-2230-0007-0002 / 900066-2230-0007-00L2 / 900072-2230-0007-0002

B For an Order or Orders approving the purposes of, and authorizing the issue to Canadian Utilities Limited of an 11.40% Debenture 1990 Series in the principal amount of $15,000,000; an 11.77% Debenture in the principal amount of $15,000,000; and 240,000 common shares in the capital of the Corporation for an aggregate consideration of $12,000,000.

C In Order E90091 dated December 21, 1990 approval was given for the purposes of the issue of the debentures and common shares by CWNG, and authorization of the Board was given for each of the three issues. In regard to the common share issue, the Board proceeded pursuant to Section 50(1) of the Public Utilities Board Act which allowed the Board to make an order in the manner as if due notice had been given.

4.9 A **Canadian Western Natural Gas Company Limited**
RE90085 / 900809-2090-0007-0002

B For approval of changes in certain charges contained in Schedules "A" and "B" of its Natural Gas Sales Service Regulations.

C The application was withdrawn by CWNG after the Board advised that approval for the changes should be sought in CWNG's 1989/1990/1991 General Rate Application proceedings.

4.10 A **Canadian Western Natural Gas Company Limited**
RE90092 / 900081-2090-0007-0002

B Application dated December 13, 1990 by the City of Calgary for an order of the Board regarding the accounting for Income Taxes in the utility revenue requirement for CWNG.

C In process at year end.

4.11 A **Canadian Western Natural Gas Company Limited**
RE90094 / 900039-2090-0007-0002

B For approval of changes to the General Conditions applying to all rates.

C In process at year end.

4.12 A **BCG Utilities (Alberta) Ltd.**
RE87013 / E4.15.35-37

B For approval of T-Service rates issued as directed by Board Order E86111 dated Dec 20/86.

C In process at year end.

4.13 A **BCG Utilities (Alberta) Ltd.**
RE89102 / E4.15.35-45

B For approval of changes in the existing rates, tolls or charges for natural gas service furnished to its customers in Alberta for the 1989 and 1990 test years.

C1 General

(a) In Order E90015 dated February 14, 1990, the Board denied BCG's request for interim refundable rates. The Board determined that BCG had not demonstrated a compelling or urgent need that would warrant the approval of interim rate relief. Of the $8.153 requested increase, $6.10 was related to gas costs forecast to occur in 1990, which the proposed deferred gas cost procedures would address. With respect to the non-gas component of the interim relief sought, the Board found that several elements of the company's forecast revenue requirement required further examination. These elements included changes in depreciation rates that resulted in a 26% increase in depreciation expense, the forecast increase in sales promotion expenses of more than 250%, and a forecast rate of return of 14%.

The Board concurred with BCG as to the desirability of rate stability; however, the Board found that the large changes in rates included in BCG's application resulted from a proposed change to "postage stamp" rates. Rate stability could be achieved through a phased-in approach to rate restructuring instead of through interim rate relief. The Board further considered that the impact of the GST on any deliverary rider approved for implementation in 1991 was unclear, and as such was not an argument in support of rate relief to avoid attracting GST. The Board also considered that the Company's financial integrity was not at risk because a Phase I Decision was likely to be issued before year-end 1990. This would allow for implementation of a deliverary rider, if necessary, before year-end 1990. Hence, investor confidence in the Company and its ability to raise capital would not be impaired.

(b) Phase I Decision E90057 dated October 10, 1990, as amended by Order E90073 dated October 29, 1990, determined BCG's rate base, fair return and utility revenue requirement for the test years 1989 and 1990. The significant Phase I findings are summarized below.

(c) In Order E90086 dated December 21, 1990, the Board fixed intervenor and applicant external costs relating to the Phase I proceedings in the amount of $182,724.11. The Board considered that the intervention mounted by the Urban Municipalities and the Municipal and Gas Co-op Intervenors was effective and very useful to the Board in its examination and testing of BCG's application. The Company claimed external costs of $119,816.71. The Board noted that although some of the costs claimed by the Company exceeded the Board's scale of costs, the consultants involved had been engaged at the time the Company was preparing for the General Rate Application, and prior to the introduction of the scale of costs. The Board in this instance allowed the entire cost claimed by the Company in view of the circumstances under which the consultants were hired.

(d) Phase 2 proceedings were in process at year end.

C2 Rate Base

(a) 1989 Year-End Additions
BCG's actual capital expenditures for the 1989 test year were $802,518 lower than forecast, primarily due to the postponement

of general station work ($90,740) and the Leduc office completion ($347,000) to the 1990 test year. The Board considered that the Company should have been aware of the deferred capital additions in question at the time it filed its GRA on November 23, 1990. Given the significant impact of the postponed capital expenditures for the 1989 test year, the Board reduced the forecast year-end balance of Gross Plant-in-Service by $437,740 and increased the 1990 year-end balance of Gross Plant-in-Service by the same amount.

(b) Muriel Lake Reserves

ICG proposed to include a $917,500 capital expenditure for the purchase of a 50% interest in the Muriel Lake natural gas reserves as an addition to Rate Base for the 1989 test year. These reserves are dedicated to the Canadian Salt Company Ltd. until 1995, at which time the Company proposed to dedicate its share of production from this field to utility requirements. The Board considered that dedication of an entire field for an extended period of time to one customer was neither fair nor reasonable to the remainder of the sales customers, who would be denied the benefits of low cost royalty gas and emergency standby capability provided by this field. The Board also expressed concern that costs of production from this reserve would not form part of the Deferred Gas Accounting (DGA) procedures adopted for ICG. Accordingly, the Board removed the cost of the Muriel Lake gas field from Rate Base for the 1989 and 1990 test years.

ICG was directed to hold the cost of these reserves as Plant-Held-for-Future-Use (PHFFU), with full Allowance for Funds Used During Construction (AFUDC), until such time as gas from the Muriel Lake field is produced into ICG's system. Further, ICG was directed to credit the net revenues received by ICG from the Canadian Salt Company Ltd. against this PHFFU account.

C3 Accumulated Depreciation

With regard to assets subject to Straight Line Equal Life Group (ELG) depreciation, the Company proposed to implement the life and salvage characteristics recommended in its 1988 Depreciation Study for the 1990 test year. The Board accepted the life and salvage characteristics recommended for each plant account since these were the most current projections of future retirement activity currently available. The Board directed ICG to continue to monitor actual net salvage experience and report its findings at the next GRA.

With respect to production and gathering facilities, the Company applied the Unit of Production (UOP) depreciation procedures (for both test years) recommended in its 1986 Depreciation Study in lieu of the straight line depreciation method previously used. The UOP formulae incorporated salvage factors for certain plant accounts. While the Board approved the use of the UOP depreciation procedures for the test years, the Company was directed to address the appropriateness of the salvage factors at its next GRA.

C4 Necessary Working Capital

(a) Leduc Well

The Company proposed to write-off a portion of the unsuccessful Exploration and Development (E&D) costs relating to a sour gas well in the Leduc area against the remaining Border Flowback Funds of $374,776, and amortize the balance of $797,320 over a ten year period. The Board included the entire cost of the well in PHFFU with full AFUDC, and adjusted the Border Flowback account to reflect this treatment. ICG was directed to examine and provide results, at its next GRA, of other available options.

(b) Cash Working Capital Revenue Lag

The Board rejected the inclusion of the transportation revenue lag in the determination of the overall revenue lag as this led to the imposition of costs specifically related to transportation customers being imposed on sales customers. Accordingly, the cash working capital allowance in the test years was based on the weighted average revenue lag pertaining to sales customers only.

(c) Natural Gas Storage Inventory

The Board accepted storage gas as a component of the Company's gas supply portfolio commencing in the 1990 test year. The Board included the mid-year as opposed to the average monthly value of the gas storage inventory in the forecast working capital requirement for the 1990 test year.

(d) Other Deferred Assets

In light of the Board's direction to account for the costs of the Leduc Gas well as PHFFU, the Board allowed only the unsuccessful Exploration and Development costs pertaining to the Athabasca and St. Paul wells to be charged against the Border Flowback account. The Board considered that ICG's proposed treatment of including the full cost of the unsuccessful St. Paul and Athabasca wells in the 1989 necessary working capital computation would result in customers paying a

cash return on assets that are not used or required to be used. Since the costs of the unsuccessful wells are to be charged to Border Flowback Fund, the Board considered it inappropriate to include such costs in Necessary Working Capital for the test years.

C5 Fair Rate of Return

(a) Capital Structure - Short-Term Debt

The Company forecast a short-term debt ratio of 11.01% for 1989 and 15.63% for 1990, which was well in excess of the 2% to 3% range considered typical by the Company's rate of return witness.

The Board noted that the Company fully intended to replace its short-term debt with long-term financing in 1984, but these plans were forestalled when it appeared that Westcoast Transmission Company Limited would acquire ICG Utilities (Canada) Ltd. Consequently, the Board deemed the Company acquired long-term debt in lieu of short-term financing in the 1985-1990 period.

(b) Return on Common Equity

ICG requested a rate of return on common equity deemed to finance the rate base of 14.0% for each of 1989 and 1990 test years, which resulted in a forecast composite rate of return on rate base of 7.646% for 1989 and 7.711% for 1990.

The Board approved a rate of return on common equity deemed to be financing the rate base of 13.5% for each of the test years 1989 and 1990, resulting in a forecast composite rate of return on rate base of 7.136% for 1989 and 6.995% for 1990.

(c) Foreign Exchange

For regulatory purposes, foreign exchange gains or losses are recognized only when incurred. The Board considered this methodology appropriate since it avoids the uncertainties associated with forecasting unrealized foreign exchange gains or losses at the end of each year and possible over/under collections of unrealized foreign exchange amounts. The Board directed ICG, at its next GRA, to use a forecast of the average yearly exchange rate to calculate foreign exchange losses rather than the forecast year-end exchange rate currently used.

(d) Cost of Short-Term Debt

The Company forecast short-term debt rates of 13.0% for 1989 and 13.75% for 1990. Inasmuch as the Board deemed ICG acquired long-term debt in lieu of short-term financing, the Board considered it appropriate to compute the corresponding cost rate as if the Company had procured long-term financing. The resulting embedded cost rates for short-term debt were calculated to be 11.439% for 1989 and 11.661% for 1990.

C6 Utility Revenue Requirement

(a) Funding of Board's Operations - Public Utilities Board Amendment Act (Bill 29)

In the General Assessment Order E90062 dated October 2, 1990, the Board determined ICG's funding contribution to be $33,000 in respect of the Board's operations for the fiscal year 1990/1991. Accordingly, this amount was added to ICG's 1990 Revenue Requirement.

(b) Gas Supply Costs

The Board lowered the forecast cost of gas purchased from Gas Alberta in 1990 by $75,865 (16.3¢/GJ) to reflect the actual cost of gas provided by this Agency since November, 1989.

With respect to short-term and spot gas, the Board concurred with the intervenors that the unit cost of short-term spot gas forecast by ICG for 1990 was not reasonable, given the Company's expectation that natural gas prices would remain depressed in the near future. Accordingly, the Board adopted the intervenors' recommendations regarding spot/short-term producer supply in 1990. This resulted in reductions in the forecast cost of spot gas purchases of $248,218 (12.9¢/GJ) and short-term producer gas at $304,526 (15.7¢/GJ).

The Board also increased the 1990 forecast gas cost by $48,738 to reflect an adjustment to the forecast number of customer additions in the 1990 test year.

(c) Line Losses

The Board considered that a forecast line loss factor should be based on the five year rolling average of line factors. With respect to the 1989 test year, only four years of prior data (1985-1988) were available. Accordingly, the Board determined a forecast line loss factor of 1.0% for the 1989 test period based on the four year rolling average. With respect to the 1990 test year, the Board determined a line loss factor of 1.15% based on the five year rolling average.

(d) Deferred Gas Accounting Procedures

The Board accepted, in principle, the Deferred Gas Accounting (DGA) proposals submitted by the Company. However, the Board directed the Company to submit at the time it filed a forecast GCRR (prior to November 1 of each year) a prior year and current year-to-date reconciliation of gas supply costs collected through the

GCRR versus the actual gas supply costs. Further ICG was directed to file with the Board, on a monthly basis, a reconciliation of the forecast gas cost recoveries versus the actual gas costs. Should there be a significant change in the gas supply costs between the annual November 1 GCRR forecast submission dates, ICG should apply to the Board for a change in the GCRR in the interests of minimizing the balance in the DGA.

(e) Flow-Through Method versus Normalized-All Taxes Paid (NATP) Method of Calculating Income Taxes
The Board referred to Decision E79079 dated August 1, 1979, where the Board concluded that the NATP method is appropriate only if virtually all income taxes paid are rebated to the customers of the utility. In view of the termination of the Alberta Income Tax Rebate Program, the freezing of the Federal income tax rebates at 1989-1990 levels, and the level of CCA available to ICG, the Board concurred with ICG's position that the Flow-Through method was appropriate for the 1990 test year. Accordingly, the Board used the NATP method for 1989 and the Flow-Through method for 1990.

Should the Provincial legislation change such that substantially all income taxes are rebated, ICG would be expected to apply for revised rates using the NATP method to calculate its taxes.

The Board directed ICG to address, in its Phase 2 filing, the results of a modified NATP method (NATP method for the Federal tax portion and Flow-Through method for the Provincial tax portion) in the context of the forecast 1990 revenue surplus.

(f) Interest Expense in the Computation of Income Taxes
The Board noted that while short-term debt interest and foreign exchange gains (losses) are deductible for corporate tax purposes, there is no similar deduction for regulatory purposes. Since short-term debt was included in the capital structure in this Decision, interest expense for corporate purposes would match that for utility purposes (except for differences in timing). Inasmuch as short-term debt is excluded from the capital structure in future, ICG was directed to compute income tax using corporate interest expense.

C7 Utility Revenues

(a) Small General Service (SGS) Customer Base
The Company forecast 830 new customer additions in 1990, which represented a 24% decrease from the 1,088 customer additions predicted for 1989. The Board considered that insufficient evidence was presented to warrant a reduction in growth of this magnitude, and therefore increased the 1990 customer additions by 129 (i.e. one-half the difference between the forecast 1989 and 1990 customer additions) resulting in increased sales revenues of $104,078.

(b) Revenue (Deficiency)/Surplus
ICG forecast a revenue deficiency of $904,291 in 1989 and $989,803 in 1990. The Board determined a revenue surplus of $48,568 for 1989 and $808,978 for 1990, resulting in a combined surplus for the test period of $857,545. Excluding gas costs, the Board determined a total revenue deficiency for the 1989 test year of $288,450 and a revenue surplus for 1990 of $160,826 for a net deficiency of $127,631 for the 1989 and 1990 test period.

4.14 A **ICG Utilities (Alberta) Ltd.**
RE90020 / RE90033 / E4.15.35-46 / E4.15.35-47

B For approval of a change in rates relating to the Town of Calmar and the Village of Radway because of the introduction of a revenue tax.

C Approved / E90046 dated July 11, 1990.

4.15 A **ICG Utilities (Alberta) Ltd.**
RE90063 / 900035-2090-0015-0002 / E4.15.35

B For approval to establish a gas cost recovery rate for the 1991 year.

C Decision pending at year end.

4.16 A **ICG Utilities (Alberta) Ltd.**
RE90068 / 900050-0015 / E4.15.35-45A RV

B For a review and variance of Board Decision E90057 and amending Order E90073 dated Oct 10/90 and Oct 29/90 respectively.

C Decision pending at year end.

4.17 A **ICG Utilities (Alberta) Ltd.**
RE90080 / 900062-2240-0015-0002

B For approval of the sale of certain property in the City of Drumheller and for deferral of consideration of the disposition of proceeds.

C In Order E90085 dated December 14, 1990, the Board approved the sale of the land, buildings and improvements comprising the Drumheller office (the Property) for $80,000. The original cost of the Property was $49,578.88 and its net book value was $40,681.88. The Board determined that the Property was no longer required to provide utility service and was satisfied that the price to be paid to the Company

was appropriate and fair. Consequently, the Board approved the sale with the provision that the disposition of proceeds, and appropriate treatment of the gain from the sale, be dealt with no later than the time of the Company's next General Rate Application.

4.18 A **ICG Utilities (Alberta) Ltd.**
RE90096 / 900086-2090-0015-0002

B For approval of a change to Rate Rider "A" relating to the Town of High Level.

C In process at year end.

4.19 A **Northwestern Utilities Limited**
RE89098 / E4.14.35-84

B For approval of a change in rates relating to the Town of Peace River because of an increase in the revenue tax rate from 6.38% to 7.25%.

C Approved / E90002 dated January 24, 1990.

4.20 A **Northwestern Utilities Limited**
RE90002 / E4.14.35-85

B For approval to decrease its winter service line construction charges as set out in Schedule B of NUL's Natural Gas Sales Service Regulations.

C Decision E90010 dated January 26, 1990, pursuant to Section 50 of the PUBA, gave ex parte approval to the new charges in Schedule B to be effective January 15, 1990. It was noted that NUL's application was a direct result of queries from its customers arising from Interim Order C89043, which, inter alia, had approved a reduction in CWNG's winter service line construction charges. An NUL study had demonstrated that, during the last five years, the ratio of NUL's actual cost of installing service lines in winter relative to the actual cost in summer, was more accurately represented by the proposed reduced winter rates. The Board considered that the application met the tests laid out in Decision E85111 for approval of a change in rates between General Rate Applications. Due dispatch was required in order that NUL's customers might benefit from the reduced charges during the current winter season. It was pointed out that any person entitled to notice of the application could make application to the Board pursuant to Section 50(2) of the Public Utilities Board Act to alter or rescind this order.

4.21 A **Northwestern Utilities Limited**
RE90006 / E4.14.35-86

B For approval of a rate reduction rider of $0.163 to affect a decrease in the existing winter gas cost recovery rate which had been approved in E89098. (NUL had lowered its forecast of winter season gas costs due to the warm winter.)

C The Board in Order C90003 dated January 25, 1990, approved NUL's application. The Board considered it beneficial for NUL's rates to reflect saving on the gas cost recovery component in a timely fashion. NUL's application was also consistent with the Board's direction that, to minimize the balance in the DGA, NUL should apply to the Board for a change in the GCRR if a significant change in the gas supply costs occurred between the normal application months of September and February.

4.22 A **Northwestern Utilities Limited**
RE90013 / E4.14.35-87

B For a change in NUL's summer season gas cost recovery rate (GCRR) effective April 1, 1990.

C In Interim Order C90010 dated March 12, 1990, the Board gave ex parte approval to NUL's 1990 summer GCRR stating that the calculations and forecasts NUL used to derive the 1990 summer GCRR of $1.138/GJ (the 1989 summer GCRR had been $1.194/GJ), were reasonable. In the application NUL had presented a reconciliation of gas cost recoveries with the "actual" gas costs for the 1989 summer season using a forecast of gas costs which might result from an arbitration and ongoing negotiations concerning unsettled price redetermination contracts. The Board considered that the reconciliation should be tested after the cost of the significant portion of summer 1989 gas purchased under unsettled contracts was finalized.

4.23 A **Northwestern Utilities Limited / Canadian Western Natural Gas Company Limited**
RE90054 / RE90055
900012-2090-0014-0002 / 900013-2090-0007-0002

B For changes in their winter gas cost recovery rates (GCRR) effective November 1, 1990, and their Rider "D"'s for collection of unaccounted for gas (UFG) costs. Three additional items considered at the hearing were: notional interest calculations on deferred gas account (DGA) balances which were supplied pursuant to a direction in Decision C90026 dated July 27, 1990; a submission by ATCOR to change the reconciliation procedure for UFG to eliminate retroactive UFG collections; and a joint submission by the Canadian Petroleum

Association and the Independent Petroleum Association of Canada (the Joint Submission) to change the DGA and reconciliation procedures, since the procedures allow NUL/CWNG to indefinitely defer settlement of prices under long-term gas supply contracts providing for periodic redetermination of prices.

C1 In Interim Orders C90042 and C90043 dated October 31, 1990, the Board approved winter GCRRs as submitted by NUL/CWNG and Rider "D"s for UFG collections which reflected the three year rolling average UFG experience of that utility. The Board made no other change to the DGA and reconciliation procedures to account for notional interest or to reflect the Joint Submission.

C2 Decision C90041 dated December 7, 1990 provided the Board's reasons. The Board accepted ATCOR's claim that making retroactive adjustments for UFG would create a number of administrative difficulties. The Board also considered that the notional interest calculated by the utilities, for the period since the inception of the DGA procedure, was negligible and, that the calculation did not take into account some timing factors.

4.24 A **Northwestern Utilities Limited**
RE90067 / 900049-2090-0014-0002

B For approval of a change in charges contained in Schedule "A" of the Natural Gas Sales Service Regulations.

C Decision pending at year end.

4.25 A **Northwestern Utilities Limited**
RE90084 / RE90088 / 900067-2230-0007-0002 / 900073-2230-0007-0002

B For an Order or Orders approving the purposes of, and authorizing the issue to Canadian Utilities Limited of an 11.77% Debenture in the principal amount of $20,000,000, and 40,000 common shares in the capital of the Corporation for aggregate consideration of $3,000,000.

C In Order E90092 dated December 21, 1990, approval was given for the purposes of the issue of the debenture and common shares by NUL, and authorization of the Board was given for each of the two issues. In regard to the common share issue, the Board proceeded pursuant to section 50(1) of the Public Utilities Board Act which allowed the Board to make an order in the manner as if due notice had been given.

4.26 A **Orr Mineral Developments Ltd.**
RE88041 / E4.26.35-8

B For approval of a change in rates for gas supplied and services rendered by Orr Mineral Developments Ltd.

C1 General
In Decision E90012 dated April 11, 1990, the Board provided the reasons for the change in the rates approved in Decision E89104 dated November 1, 1989. In Decision E89104 the Board approved the Company's proposed rates except for the proposed penalty charge. The Board set the penalty charge at 1.5% on amounts over 30 days due. The following is a summary of items of significant interest in Decision E90012.

C2 Property, Plant And Equipment
The Board accepted the rate base as calculated in the Cost of Service report as prepared by Board Staff except for Orr's computer. Only half of the computer was permitted in rate base as it is used for another business half the time.

C3 Accumulated Depreciation
The Board accepted the rates and accumulated depreciation figures as calculated by the Cost of Service report.

C4 Necessary Working Capital
The Board accepted the one eighth rule for the purposes of this Decision for calculating the necessary working capital requirements due to operating expenses. The Board included an allowance for materials and supplies inventory but directed Orr to conduct a physical inventory at the time of its next financial statement.

C5 Fair Return
The Board accepted a deemed capital structure of 60% debt and 40% equity. On the portion of rate base deemed to be financed by debt, the Board accepted the figure of 11.4%, calculated on the return on Government of Canada bonds at January 1, 1988 plus 1%. The Board accepted a 14.5% return on the portion of rate base financed by common equity as reasonable.

C6 Cash Operating Expenses
The Board accepted Orr's operating expenses related to the operation of the gas utility with the following exceptions: (i) the figure for losses was set at zero and the cost of gas adjusted accordingly because Orr did not provide evidence as to what line losses actually were; (ii) the Board reduced professional fees from $7,000 to $3,500 because of evidence that, for the test year 1988, they were inflated due to a legal matter which did not relate to the operation of the utility.

C7 Proposed Gas Service Rates
The Board noted customer concerns respecting the large percentage increase that the Company's proposal represented. However the Board considered that this was due to the Company's reluctance to apply for a rate increase in the past. Orr's proposed rates would result in revenues that were $18,884 below the revenue requirement set by the Board. As the rate of return on equity for the utility and gas production operations would be approximately 9% at proposed utility rates and forecast production, the Board considered that the integrity of the company would be maintained.

C8 Penalty Charges
The Board considered the 5% proposed penalty charge to be excessive as it would result in an annualized rate of approximately 80%. Therefore, the Board set the penalty charge at 1.5% per month.

C9 Non-Utility Revenues And Operations
The Board did not include the gas wells and production revenues in utility operations for the purposes of this Decision. However, the Board directed Orr to file a methodology of allocating costs between the utility and non-utility operations at the time of their next GRA

C10 Security Of Supply
Although the present contract provides a secure supply of gas for the Hamlet of Suffield, the Board directed Orr to file any new contracts that are made with Esso Resources.

C11 System Safety
The Board found that Orr had a good safety record. However, Orr had not given a map of the system showing location of shut-off valves to the fire department in Ralston. Orr was directed to do so by June 30, 1990.

4.27 A **Tilley Gas Company Ltd.**
RE90011 / E4.19.24(1)(g)-2

B For approval of the sale of Tilley Gas Company Ltd.'s assets to Dinosaur Gas Co-op Ltd.

C Order E90030 dated April 5, 1990 approved the application. The Board found the proposed sale of assets to be in the best interests of the customers, as the Co-op had demonstrated its ability to provide safe and adequate service. The Board considered that the rates proposed to be charged by the Co-op were reasonable as compared with other utilities in the area, and noted that the Village of Tilley supported the proposed sale.

SECTION 5: UTILITIES NOT OFFERING UTILITY SERVICES TO THE GENERAL PUBLIC

For an Order declaring that the provisions of Section 99 of the Public Utilities Board Act, and said Section 99, to the extent that it may be incorporated into the Gas Utilities Act by operation of Sections 50 and 51 of the Act, do not apply to the Applicants for the purposes of certain transactions.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

5.1 **A. G. Pipe Lines (Canada) Ltd. / The Alberta Gas Ethylene Company Ltd.**
RC90045 / 900082-3205-4650-0002
Approved / C90054
dated December 14, 1990.

5.2 **Alberta Oil & Gas Limited / Tygas Resource Corporation / 418871 Alberta Ltd.**
RC90027 / C4.4640.3(1)C
Approved / C90025 dated July 26, 1990.

5.3 **ALBERTA Oil and Gas Limited, / ALBA Petroleum / Corporation, ALTA-CANADA Corporation CADIV Corporation / Tamarack Land and Production Inc. / Treaty Resources Ltd. / Tygas Resource Corporation / 418871 Alberta Ltd.**
RC90039 / 900068-3205-4644-0002
Approved / C90048
dated December 12, 1990.

5.4 **Amoco Canada Resources Ltd. / A New Subsidiary of Imperial Oil Limited (Newco)**
RC90015 / C4.4638.3(1)C
Approved / C90018 dated May 30, 1990.

5.5 **Cabre Exploration Ltd./Wellore Energy Inc.**
RC90030 / C4.4641.3(1)C
Approved / C90031 dated August 29, 1990.

5.6 **Encal Energy Ltd. / 412796 Alberta Ltd. / 412797 Alberta Ltd.**
RC90034 / C4.4642.3(1)C
900017-3205-4642-0002
Approved / C90039 dated October 3, 1990.

5.7 **Enerplus Resources Corporation / A new subsidiary of Imperial Oil Limited (Newco)**
RC90003 / C4.4630.3(1)C
Withdrawn / February 14, 1990.

Appendix I

Applications to the Board

5.8 **Gulf Canada Frontier Exploration Limited / Gulf Canada Resources Limited / 171380 Canada Limited**
RC90001 / C4.4628.3(1)C
Approved / C90001 dated January 10, 1990.

5.9 **Gulf Canada Frontier Exploration / Gulf Canada Resources Limited / A new subsidiary of Imperial Oil Limited (Newco)**
RC90005 / C4.4631.3(1)C
Approved / C90005
dated February 28, 1990.

5.10 **Gulf Canada Frontier Exploration Limited / 175615 Canada Limited / 175616 Canada Limited**
RC90041 / 900075-3205-4646-0002
Approved / C90050
dated December 14, 1990.

5.11 **Gulf Canada Resources Limited / Olympia & York Developments Limited / Olympia & York Resources Credit Corp. / Olympia & York Resources Corporation / O & Y Energy Holdings Limited / Gulf Canada Frontier Exploration Limited / Interhome Energy Inc. / Home Oil Company Limited / Scurry-Rainbow Oil Limited / Federated Pipe Lines Ltd.**
RC90013 / C4.4635.3(1)C
Approved / C90014 dated May 16, 1990.

5.12 **Inter-City Gas Corporation / Westcoast Energy Inc. / Westcoast Gas Inc. / Central Capital Corporation / The Mortgage Insurance Company of Canada / MICC Investments Limited / The Chancellor Holdings Corporation / 2451417 Manitoba Ltd. / 2484685 Manitoba Ltd. / Petro-Canada Inc.**
RC90007 / C4.4633.3(1)C
Approved / C90007 dated March 7, 1990.

5.13 **LASMO Canada Inc. / 175617 Canada Limited / 175618 Canada Limited**
RC90038 / 900064-3205-4643-0002
Approved / C90046
dated November 30, 1990.

5.14 **LL&E Alberta Inc. / Candex Development Limited / A new subsidiary of LL&E Canada, Ltd.**
RC90040 / 900032-3205-4645-0002
Approved / C90049
dated December 12, 1990.

5.15 **Miralta Energy Corp. / 421681 Alberta Ltd. / 414110 Alberta Ltd. / CanEuro Resources Ltd.**
RC90020 / C4.4639.3(1)C
Approved / C90023 dated July 11, 1990.

5.16 **Norcen Energy Resources Limited / A new subsidiary of Imperial Oil Limited (Newco)**
RC90004 / C4.4631(1)C
Approved / C90006
dated February 14, 1990.

5.17 **Norcen Energy Resources Limited / A new subsidiary of Imperial Oil Limited (Newco)**
RC90043 / 900077-3205-4648-0002
Approved / C90052
dated December 14, 1990.

5.18 **Norwest Oil & Gas Corp. / Two New Subsidiaries of Imperial Oil Limited (Newco)**
RC90014 / C4.4637.3(1)C
Approved / C90017 dated May 30, 1990.

5.19 **Norwest Oil & Gas Corp. / a new subsidiary of Imperial Oil Limited (Newco)**
RC90044 / 900078 3205 4649 0002
Approved / C90053
dated December 14, 1990.

5.20 **OMV (Canada) Ltd. / three new subsidiaries of Imperial Oil Limited (Newcos)**
RC90002 / C4.4629.3(1)C
Approved / C90004
dated February 6, 1990.

5.21 **OMV (Canada) Ltd. / a new subsidiary of Imperial Oil Limited (Newco)**
RC90008 / C4.4634.3(1)C
Approved / C90008 dated March 7, 1990.

5.22 **Petro-Canada Inc. / 173116 Canada Limited**
RC90042 / 900076-3205-4647-0002
Approved / C90051
dated December 14, 1990.

Section 6:
Municipalities

Section 6A:

Applications by municipalities, pursuant to the Municipal Government Act, for approval to enter into supply and special franchise agreements or renewals or alterations thereof with owners of utilities. Pursuant to the Act, new agreements may be for a period of 20 years while renewals may be for a period of up to 10 years. Where the municipality agrees to accept a percentage of the gross revenue of the franchise holder in lieu of taxing the special franchise and property of the holder used in the exercise of the franchise pursuant to the Municipal

Taxation Act, the amount of such percentage is reflected.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers. Individual applications within each group are then arranged in order of registration number.

6.1 A **Village of Hines Creek**
RE89096 / E6.236.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90005
dated February 14, 1990.

6.2 A **Town of Mundare**
RE89099 / E6.80.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90006
dated February 14, 1990.

6.3 A **Village of Minburn**
RE89100 / E6.261.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / at a rate of 3%.
C Approved / E90007
dated February 14, 1990.

6.4 A **Town of Wembley**
RE89101 / E6.137.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement/ Alberta Power Limited / at a rate of 5%.
C Approved / E90008
dated February 14, 1990.

6.5 A **Village of Berwyn**
RE89103 / E6.165.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90016 dated April 11, 1990.

6.6 A **Village of Dewberry**
RE89104 / E6.203.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90017 dated April 11, 1990.

6.7 A **Village of Donalda**
RE89111 / E6.204.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement/ Alberta Power Limited / at a rate of 3%.
C Approved / E90019 dated April 11, 1990.

6.8 A **Village of Forestburg**
RE90001 / E6.217.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90018 dated April 11, 1990.

6.9 A **Village of Veteran**
RE90008 / E6.305.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90035 dated April 25, 1990.

6.10 A **Village of Cereal**
RE90009 / E6.185.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.
C Approved / E90036 dated April 25, 1990.

6.11 A **Village of Morrin**
RE90015 / E6.263.3
B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on

four block levels of gross revenue of the municipal franchise.

C Approved / E90042 dated June 20, 1990.

6.12 A **Village of Glendon**
RE90016 / E6.225.3

B For approval to renew a electric power supply contract, to confer a special franchise and to renew a revenue tax agreement/ Alberta Power Limited / at a rate of 3%.

C Approved / E90063
dated November 7, 1990.

6.13 A **Village of Youngstown**
RE90023 / E6.317.3

B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.

C Approved / E90041 dated June 20, 1990.

6.14 A **Village of Lavoy**
RE90024 / E6.250.3

B For approval to renew a electric power supply contract, and to confer a special franchise / Alberta Power Limited.

C Approved / E90064
dated November 7, 1990.

6.15 A **Town of Spirit River**
RE90041 / E6.99.3

B For approval to renew an electric power supply contract, to confer a special franchise and to renew a revenue tax agreement/ Alberta Power Limited / at a rate of 5%.

C Approved / E90065
dated November 21, 1990.

6.16 A **Town of High Level**
RE90051 / 900003 4005 0063 0001

B For approval to renew an electric power supply contract, to confer a special franchise and to enter into a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.

C Approved / E90074
dated November 21, 1990.

6.17 A **Town of St. Paul**
RE90056 / 900019 4005 0105 0002

B For approval to renew an electric supply contract, to confer a special franchise and to renew a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.

C In process at year end.

6.18 A **Town of Grande Cache**
RE90062 / 900034-4005-0058-0002

B For approval to renew an electric power supply contract, to confer a special franchise and to enter into a revenue tax agreement / Alberta Power Limited / based on an escalating percentage calculated on four block levels of gross revenue of the municipal franchise.

C Approved / E90083
dated December 12, 1990.

6.19 A **Town of Bonnyville**
RE90030 / E6.29.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to enter into a revenue tax agreement / Bonnyville Gas Company Limited / based on a rate determined by the level of gross revenue, i.e. 10% of the first $1,000,000 and 5% on amounts over $1,000,000.

C Approved / E90076
dated November 21, 1990.

6.20 A **Village of Elnora**
RC90009 / E6.211.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90013 dated May 16, 1990.

6.21 A **Town of Trochu**
RC90011 / E6.113.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90019 dated June 20, 1990.

6.22 A **Village of Rosemary**
RC90019 / E6.282.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90027 dated August 8, 1990.

6.23 A **Village of Standard**
RC90024 / E6.294.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company

Limited / at a rate of 5.26%.

C Approved / C90028 dated September 12, 1990.

624 A **Village of Hussar**
RC90026 / E6.239.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90029 dated September 12, 1990.

625 A **Village of Darlness**
RC90028 / E6.206.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90030 dated September 12, 1990.

626 A **Town of Black Diamond**
RC90032 / 900004-4000-0027-0001 E6.27.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 5.26%.

C Approved / C90040 dated October 17, 1990.

627 A **City of Lethbridge**
RC90037 / 900030-4007-0262-0002 / E6.9.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Canadian Western Natural Gas Company Limited / at a rate of 11.11%.

C In process at year end.

628 A **Town of Calmar**
RE89088 / E6.32.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to enter into a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 3.1%.

C Approved / E90044 dated July 11, 1990.

629 A **Village of Radway**
RE89090 / E6.278.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to enter into a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 3%.

C Approved / E90045 dated July 11, 1990.

630 A **Town of Irvine**
RE90014 / E6.68.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 3.1%.

C Approved / E90043 dated July 11, 1990.

631 A **Town of High Level**
RE90027 / E6.63.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 6.1%.

C In process at year end.

632 A **Town of St. Paul**
RE90050 / E6.105.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 6.1%.

C In process at year end.

633 A **Town of Athabasca**
RE90081 / 900063-4015-0022-0002 / E6.22.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / ICG Utilities (Alberta) Ltd. / at a rate of 3%.

C In process at year end.

634 A **Village of Minburn**
RE89048 / E6.261.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.25%.

C Approved / E90003 dated January 24, 1990.

635 A **Village of Thorsby**
RE89066 / E6.300.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.25%.

C Approved / E90022 dated April 11, 1990.

636 A **Village of Breton**
RE89073 / E6.177.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.25%.

C Approved / E90021 dated April 11, 1990.

637 A **Town of Grimshaw**
RE90081 / E6.60.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 11.11%.

C Approved / E90004
dated February 14, 1990.

638 A **Town of Peace River**
RE90089 / E6.85.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / to increase the franchise tax rate from 6.38% to 7.25%.

C Approved / E90001
dated January 24, 1990.

639 A **Village of Bittern Lake**
RE90034 / E6.169.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.26%.

C Approved / E90049 dated August 8, 1990.

640 A **Town of Blackfalds**
RE90035 / E6.130.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.26%.

C Approved / E90068
dated November 7, 1990.

641 A **Village of Bentley**
RE90037 / E6.164.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.26%.

C Approved / E90059
dated September 26, 1990.

642 A **Village of Longhurst**
RE90040 / E6.255.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.26%.

C Approved / E90069
dated November 7, 1990.

643 A **Town of Spirit River**
RE90046 / E6.99.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 8.70%.

C Approved / E90060
dated September 26, 1990.

644 A **Town of Fox Creek**
RE90048 / E6.55.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 4.17%.

C Approved / E90072
dated November 7, 1990.

645 A **Village of Warburg**
RE90049 / E6.308.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.25%.

C Approved / E90070
dated November 7, 1990.

646 A **Village of Mirror**
RE90060 / 900024-4014-0262-0002

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 5.25%.

C Approved / E90079
dated December 5, 1990.

647 A **Town of Ponoka**
RE90061 / 900008-4014-0085-0002

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 6%.

C In process at year end.

648 A **Summer Village of Silver Beach**
RE90069 / 900051-4014-0291-0002 / E6.291.4

B For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement / Northwestern Utilities Limited / at a rate of 6%.

C In process at year end.

649 A **Town of Bashaw**
RE90071 / 900055-4014-0024-0002 /

E6.24.4

B *For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement* / Northwestern Utilities Limited / *at a rate of 6%*.

C In process at year end.

650 A **Town of Vermilion**
RE90093 / 900039-2090-0007-0002

B *For approval to renew a natural gas supply contract, to confer a special franchise and to renew a revenue tax agreement* / Northwestern Utilities Limited / *at a rate of 5.26%*.

C In process at year end.

651 A **Village of Acme**
RC89049 / E6.151.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90011 dated April 25, 1990.

652 A **Village of Clyde**
RC89053 / E6.192.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90012 dated April 25, 1990.

653 A **Town of Innisfail**
RC90006 / E6.67.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90015 dated May 30, 1990.

654 A **Village of Stirling**
RC90010 / E6.295.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90016 dated May 30, 1990.

655 A **Village of Barons**
RC90012 / E6.159.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90033
dated September 12, 1990.

656 A **Village of Barons**
RC90012 / E6.159.3

B *For approval to correct the By-law number with respect to its franchise agreement with TransAlta Utilities Corporation.*

C Approved / C90045
dated November 21, 1990.

657 A **County of Thorhild No. 7 for the Hamlet of Egremont**
RC90022 / E6.4232.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90034
dated September 26, 1990.

658 A **Town of Bon Accord**
RC90023 / E6.133.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90035
dated September 26, 1990.

659 A **Town of Gibbons**
RC90025 / E6.127.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90036
dated September 26, 1990.

660 A **Town of Killam**
RC90029 / E6.69.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90037
dated September 26, 1990.

661 A **Village of Breton**
RC90031 / E6.177.3

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C Approved / C90044
dated November 7, 1990.

662 A **Village of Thorhild**
RC90035 / 900025-4006-0290-0002

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C In process at year end.

663 A **Town of Hardisty**
RC90036 / 900027-4006-0062-0002

B *For approval to renew an electric power supply contract, and to confer a special franchise* / TransAlta Utilities Corporation.

C In process at year end.

664 A **Village of Tilley**
RC90046 / 900028-4006-0301-0002

B *For approval to renew an electric power supply contract, and to confer a special*

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franchise / TransAlta Utilities Corporation.

C *In process at year end.*

6.65 A **Town of Stony Plain**
RE90043 / E6.104.4

B *For approval to enter into a natural gas supply contract and to confer a special franchise on West Parkland Gas Co-op Ltd. with respect to certain annexed lands.*

C *Interim Order E90061 dated October 5, 1990 outlined the objections raised by Northwestern Utilities Limited and ordered the hearing to be reconvened on November 5, 1990 at the Stony Plain Courthouse. The Board's final decision was pending at year end.*

SECTION 6B:

Applications by municipalities, pursuant to the Municipal Government Act, for approval to enter into contracts or renewals thereof, providing for the supply of light, power, natural gas, artificial gas or water to the municipality for the use of the municipal public utility.

Data reported in groups arranged alphabetically according to the name of the supplier. Individual applications within each group are then arranged in order of registration number.

6.66 A **Village of Legal**
RE90004 / E6.251.5

B *For approval to enter into a water supply contract / Town of Morinville.*

C Approved / E90032 dated April 11, 1990.

6.67 A **Village of Thorhild**
RE90095 / 900885-4000-0299-0002

B *For approval to renew a natural gas supply contract / Pan Alberta Gas Ltd.*

C *In process at year end.*

6.68 A **City of Red Deer**
RC90047 / 900038-0006-0301-0002

B *For approval to renew an electric power supply contract / TransAlta Utilities Corporation.*

C *In process at year end.*

6.69 A **Town of Daysland**
RE90026 / E6.43.4

B *For approval to enter into an alteration of a natural gas supply contract / Voyager Energy Inc.*

C Approved / E90048 Dated July 11, 1990.

SECTION 6C:

Applications by the Minister of Municipal Affairs, pursuant to the Improvement Districts Act and the Special Areas Act, for approval to enter into contracts with utilities undertaking to provide street lighting in a hamlet situated in an improvement district or special area, or with utilities to supply light, power, gas, natural gas, water or a sewerage system to persons resident in the improvement district or special area or in any specified part or parts thereof.

6.70 A **Minister of Municipal Affairs for the Hamlet of Kirriemuir**
RE90072 / E6.553-3.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.71 A **Minister of Municipal Affairs for the Hamlet of Sedalia**
RE90073 / E6.552-7.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.72 A **Minister of Municipal Affairs for the Hamlet of Excel**
RE90074 / E6.552-3.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.73 A **Minister of Municipal Affairs for the Hamlet of Benton**
RE90075 / E6.552-1.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.74 A **Minister of Municipal Affairs for the Hamlet of Pollockville**
RE90076 / E6.552-8.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.75 A **Minister of Municipal Affairs for the Hamlet of Rimbey**
RE90077 / E6.552-1.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

6.76 A **Minister of Municipal Affairs for the Hamlet of New Brigden**
RE90078 / E6.552-6.3

B *For approval to renew a street lighting agreement / Alberta Power Limited.*

C *In process at year end.*

677 A **Minister of Municipal Affairs for the Hamlet of Chinook**
RE90079 / EA.188.3
B For approval to renew a street lighting agreement / Alberta Power Limited.
C In process at year end.

SECTION 6D:

Complaints by users of public utilities, pursuant to Section 291 of the Municipal Government Act, respecting service charges, rates or tolls.

Data reported in groups arranged alphabetically according to the name of the municipality to which the application relates. Individual applications within each group are then arranged in order of registration number.

678 A **Town of Rockyford**
RE90047 / EA.24.2 RV
B For a review and variance of Board Order E89112 dated December 6, 1989.
C Order E90047 dated October 12, 1990 rescinded Order E89112. The owners of a mobile home park in Rockyford had complained to the Board that the Town of Rockyford's sewer rates were discriminatory. The Board, in Order E89112, had concurred and ordered the installation of a flow meter so that the mobile home park could be billed in a similar fashion to other sewer customers of the Town.

In its application for a review and variance, the Town indicated that it intended to construct a sewer trunk line to provide the mobile park with gravity flow sewer service. This had been an alternative recommended by the Board in Order E89112. Both the initial complainants and the new owners of the mobile home park advised the Board in writing that they were in favour of the Town's proposed sewer project. The Board therefore concluded that the installation of a flow meter was no longer required and rescinded its original order.

SECTION 6E:

Applications for approval or consent for actions other than those described in Sections 6A through 6D.

Data reported in order of registration number.

679 A **Village of Coutts**
RE87038 / EA.194.3
B For approval of the termination of a special franchise agreement with Berger Power Ltd. and fixing the price and terms of purchase.
C This application was in abeyance at year end at the request of the Applicant.

SECTION 7:
MILK PRICING

Data reported in groups arranged alphabetically according to the name of the regulated entity to which the application relates. Individual applications within each group are then arranged in order of registration number.

71 A **Alpha Milk Company**
RE90057 / 900721-5410-0004-0002
B For approval to establish a minimum price for the 1 litre and 4 litre bulk size of 18% cream.
C In process at year end.

72 A **Hedgerows Dairies Inc.**
RE90010 / EB.4.11-21
B Application dated February 5, 1990 pursuant to Section 30 of the Public Utilities Board Act for a determination as to whether Hedgerows was entitled to receive information filed by the Dairies on a confidential basis.
C Decision E90023 dated March 2, 1990 dealt with the issue of confidentiality in the milk proceedings.

As part of their October 12, 1989 application, Palm, Central Alberta Dairy Pool and Northern Alberta Dairy Pool (the Dairies) had requested an eleven cent pricing differential for milk packaged in one and two litre plastic jugs as compared with one and two litre pure pack containers. Hedgerows challenged the Dairies' request for higher pricing of one and two litre plastic jugs. Consequently, Hedgerows requested supporting information from the Dairies in regards to the pricing differential. The Dairies refused to provide the information to Hedgerows stating that the information was confidential and its disclosure would harm the Dairies' competitive position.

Prior to the hearing of the Dairies' application, the Dairies withdrew that part of the application that related to special pricing for plastic jugs. In response, Hedgerows stated that as a pricing differential for plastic jugs no longer existed, it would withdraw its application with respect to requiring information responses on the plastic jug pricing differential issue. The Board accepted the withdrawal of both these applications. However, the Board pursued the larger issue of whether it should receive any information in relation to the milk pricing

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APPLICATIONS TO THE BOARD

application on a confidential basis.

The Board reviewed sections 4, 5 and 7 of the Administrative Procedures Act and noted that, in addition to the codification of the rules of natural justice which appear in these sections, nothing in the Public Utilities Board Act provides the Board with any authority to accept documents on a confidential basis. The Board also reviewed several cases which addressed the question of whether an administrative tribunal breached the rules of natural justice if it did not disclose to affected parties, the information relied upon to reach its decision.

The Board concluded that all parties who may be adversely affected by the increase or any adjustment to the existing price schedule for milk, should be afforded the opportunity to examine the evidence presented in support of the application or evidence otherwise relied upon by the Board.

The Board directed, "for the purposes of the present case that applicants should file all the information necessary to support the merits of a claim for price adjustment on a full disclosure basis. The Applicants cannot, through their filings arbitrarily impose confidentiality upon the Board and the Intervenors or others seeking status at the hearing as parties affected. Where further and additional information is requested or directed to be filed, the Applicants or other parties affected should provide this information if relevant. If a party is adverse to supplying the information on grounds of a claim of confidentiality then this issue will be dealt with at the hearing where a determination will be made and the claim will be accorded such treatment as the Board's mandate may allow".

73 A **Holgerson Dairies Inc.**
RE90038 / EB.4.11-21 (Costs)

B Application dated June 25, 1990 for an order fixing the costs of Holgerson Dairies Inc. in responding to an application by various milk processors/distributors, and a ruling by whom and when these costs are payable.

C By Decision E90052 dated November 8, 1990, the Board approved a cost award of $43,323.63 to Holgerson. Holgerson submitted a primary cost claim of $64,678.32 and an alternate cost claim of $57,869.29. The Board found that the request by Palm Dairies Ltd., Central Alberta Dairy Pool and Northern Alberta Dairy Pool Limited for an eleven cent differential for products sold in plastic jugs appeared to have been made with indifference as to its impact on the smaller dairies and in particular, Holgerson's operation. The Board reduced the primary cost claim by $8,421.93 to bring the cost claim in line with the Board's Scale of Costs because the Board was not persuaded that the complexity of these proceedings warranted an adjustment to the Board's Scale of Costs or that the level of compensation using the Scale of Costs would be inadequate in the circumstances. The Board further reduced the cost claim by $12,932.76 because the Board recognized that the activities of legal and other consultants employed by Holgerson could relate to a consideration of the issues in the general pricing application, while at the same time providing a residual benefit to the continued operations of Holgerson. The Board found that it would be appropriate that an allocation of 75% of the Milner & Steer and Cuipers & Lybrand accounts to the plastic jug issue would be reasonable in the circumstances.

The Board further found that it would also be appropriate that the awarded costs be paid by the three applicants who initiated the plastic jug pricing differential.

74 A **Milk Producers as per report from the Department of Agriculture, Production Economics Branch**
RE90007 / EB.4.4-20

B The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to increase the minimum producer price of Class 1 fluid milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1 cent per litre, effective February 2, 1990, consequent upon an increase in the producer price formula as monitored by the Department of Agriculture.

C By Order E90011 dated January 25, 1990, the Board approved the increases in the minimum prices, effective February 2, 1990.

75 A **Milk Producers as per report from the Department of Agriculture, Production Economics Branch**
RE90019 / EB.4.4-21

B The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to increase the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1 cent per litre, effective May 2, 1990, consequent upon an increase in the producer price formula as monitored by the Department of Agriculture.

C By Order E90037 dated April 24, 1990 the Board approved the increases in the minimum prices effective May 2, 1990.

7.6 A **Palm Dairies Ltd. / Central Alberta Dairy Pool / Northern Alberta Dairy Pool (the Dairies)**
RE90017 / E8.4.11-22 (P/D)

B For approval of increases in the minimum retail and wholesale prices of fluid milk, cream and other fluid milk products.

C1 Decision E90039 dated June 8, 1990 denied an interim application for price relief because of a lack of sufficiency and scope of the evidence to both support an increase based on financial need and to demonstrate a lack of cross subsidization between Board regulated and non-regulated products. The Board reminded the Dairies that the Board only sets the minimum price and that upward price adjustments are in the discretion of the Dairies to relieve stress from regional, local plant or company circumstances. The Board delayed the hearing date of the main application until such time as it would be in receipt of all responses to outstanding information requests.

C2 By Order E90078 dated November 23, 1990, the Board approved a one cent per litre interim increase in the wholesale and consequently the minimum prices of fluid milk, cream and other fluid milk products effective December 1, 1990. This Order was in response to the Dairies' interim application dated August 29, 1990 for approval of a three cents per litre increase. The Board noted that revenue from existing prices was not sufficient to cover current costs. The Board recognized the desirability of maintaining price stability and to the extent possible, achieving a matching of costs and revenues to the benefit of both the Dairies and the consumers. The Board was not persuaded that adequate and compelling evidence had been presented by the Dairies to support an increase in the magnitude of three cents per litre on an interim basis.

C3 The Board's final decision was pending at year end.

7.7 A **Palm Dairies Ltd / Central Alberta Dairy Pool / Northern Alberta Dairy Pool**
RE90042 / E8.4.11-22 (P/D) RV

B For a Review and Variance of Order E90039 issued June 8, 1990.

C Decision pending at year end.

SECTION 8: OTHER MATTERS

Data reported in groups arranged alphabetically according to the name of the regulated entity to which the application refers. Individual applications within each group are then arranged in order of registration number.

8.1 A **Bankeno Resources Limited**
RE89108 / E4.2639.9

B Application dated November 30, 1989 by Hydra Resources and Dorset Energy Resources to fix and determine costs or the method for ascertaining costs incidental to gathering, treating or processing gas on designated lands.

C In process at year end.

8.2 A **Occidental Petroleum Ltd.**
RE89091 / E4.594.9

B Application dated September 29, 1989 by Clyde R. Schwartz to fix and determine costs or the method for ascertaining costs incidental to gathering, treating or processing gas on designated lands.

C In process at year end.

8.3 A **R.W. Berry, Dahanni Resources Ltd. and Chaya Petroleum Ltd.**
RE90025 / E4.4636.88-1

B Appeal from a decision of the Alberta Petroleum Marketing Commission with respect to the Alberta Cost of Service Determination for TransCanada PipeLines Limited for the period of February 1983 to April 1987.

C Decision pending at year end.

8.4 A **Ste. Anne Natural Gas Co-op Ltd.**
RE90018 / E7.94.2

B Complaint by Freeman Terry alleging improperly imposed billings.

C Complaint withdrawn by the applicant on May 28, 1990, as the matter was satisfactorily resolved by the parties involved.

APPENDIX 1

APPLICATIONS TO THE BOARD

Appendix 2

Litigation Proceedings

Appeals of Board Orders and Decisions
Application Particulars

A File Number And Appellant
B Respondents Other Than The Board
C Subject Matter
D Status

Item Number

I.1 A **Alberta Power Limited (EEMA Appeal) E3.5.3/89**
City of Edmonton (EEMA Appeal) E3.16.3/89
TransAlta Utilities Corporation (EEMA Appeal) E3.6.3/89

B None

C Appeal by Alberta Power Limited, the City of Edmonton and TransAlta Utilities Corporation (the appellants) from Decision E89004 dated February 15, 1989. In Decision E89004, the Board rendered a decision pursuant to Section 13.1 of the Electric Energy Marketing Act and set the "price or pricing formula" at which producers would sell electric energy to the Electric Energy Marketing Agency, for 1989.

The appellants took issue with the treatment accorded Edmonton Power's Genesee 2 power plant, Alberta Power's interconnection between the Alberta Interconnected System and facilities owned by Saskatchewan Power Corporation (the SPC - DC Tie) and TransAlta's Keephills/Ellerslie Transmission System.

D1 General

The appeals were dismissed by the Court of Appeal on February 14, 1990.

D2 Right to appeal order made pursuant to Section 13.1 of the Electric Energy Marketing Act

The Industrial Power Consumers' Association of Alberta, as an intervenor, disputed the existence of any statutory right of appeal from Decision E89004. The Court of Appeal dismissed this objection and noted the Court's past practice that the right to appeal an interim order did not have to be specifically conferred. A Board order pursuant to Section 13.1 of the Electric Energy Marketing Act could be amended or adjusted by an order under Section 13.2. Section 13.2 Board orders may be subject to appeal.

D3 Right to apply rate base methodology when determining prices to the Agency

The City of Edmonton contended that the provisions of the Electric Energy Marketing Act and regulations nowhere expressly incorporated Section 82(1) of the Public Utilities Board Act. The Court held that the Board's jurisdiction to employ rate base methodology set out in Section 82(1) of the Public Utilities Board Act was impliedly derived from the relevant legislation. In particular, the court reviewed Section 13.1(2) of the Electric Energy Marketing Act and the transitional provisions in Section (5) and (6) of Alberta Regulation 403/84; Decision EEC100 dated December 18, 1987, which set out the Board's requirement for future filings by utilities pursuant to s.5 of Alberta Regulation 405/84; Section 13.2 of the Electric Energy Marketing Act which grants the Board the authority to retroactively adjust the previous year's purchase price; and Section 17.3(2) of Alberta Regulation 405/84 which sets out the factors the Board must consider when making an adjustment order.

The Court held that, first given the similarity in subject matter between the Public Utilities Board Act and the Electric Energy Marketing Act and regulations, the technical terms within those sections must be taken to bear the same meaning. Second, no reasoned explanation was suggested by the appellants which would account for the inconsistencies arising if the use of rate base methodology were restricted to Section 5(6) and Section 17.3(2) of Alberta Regulation 405/84. The Court stated:

"If the appellant's reasoning is accepted, for all other years, the information only need have reflected the actual costs incurred by the utility owners. Yet there is no explanation for the differentiation."

The Court stated that, if the Board were restricted to accepting the actual costs incurred by utility owners when setting the Electric Energy Marketing Agency purchase price for a forthcoming year under Section 13.1 of the Electric Energy Marketing Act, it would lead to inconsistency on adjustment as Section 17.3(2) of Alberta Regulation 405/84 authorizes the Board to utilize rate base methodology set out in Section 82 of the Public Utilities Board Act. The Court concluded by stating:

"We are satisfied that it was not the intention of the legislators to impose these inconsistencies and financial uncertainties upon the regulatory scheme governing utilities in Alberta. Rather, the statutory framework contemplates the application of usual utility regulation principles such as those set out in Section 82(1) of the Public Utilities Board Act by the Board in (1) requiring information to be filed by utility

owners, (2) establishing an Electric Energy Marketing Agency purchase price or pricing formula based on the required information, and (3) when necessary, adjusting the price or pricing formula for a previous year."

D4 Right to apply Section 82 Public Utilities Board Act rate base methodology to the City of Edmonton

The City of Edmonton contended that Section 82 of the Public Utilities Board Act does not apply to it as the City has not passed a bylaw pursuant to Section 70(2) of the Public Utilities Board Act to bring Edmonton Power within the provisions of Part 2 of the Act. The Court did not accept this contention and stated:

"Once Edmonton Power has purchased its electric energy from the Electric Energy Marketing Agency at a provincially averaged price, the utility rates thereafter charged to Edmonton Power customers will continue to be fixed not by the Board, but instead by the City of Edmonton in accordance with Section 70(2) of the Public Utilities Board Act. We are satisfied that the Board's authority to use Section 82 rate base methodology at the cost averaging stage of distribution is consistent with the City of Edmonton's exclusive authority to set utility prices for Edmonton Power customers at the final stage of distribution."

D5 Role of the Energy Resources Conservation Board (the ERCB)

The appellants argued that the ERCB's approval of the construction of Alberta Power's SPC-DC Tie and Edmonton Power's Genesee project ousts the jurisdiction of the PUB to make independent findings with respect to the need for those projects. The Court held that "the nature of both the ERCB approvals and the conclusions of the Board negate a finding of repugnancy" between the Public Utilities Board Act and the Hydro and Electric Energy Act. And further, "the two statutes contemplate separate determinations of the need question." The appellants argued that the mandatory nature of ERCB approvals ousts the jurisdiction of the PUB. The Court noted that the utilities are not passive participants in the ERCB regulatory process, nor are they passive recipients of mandatory ERCB approvals. The Courts stated that it was open to the utilities to "initiate, support, or oppose proposals to establish or amend approval conditions such as commissioning dates."

D6 Res Judicata

The City of Edmonton contended that the Board decision was in error by virtue of the doctrine of res judicata. The appellant argued that, the ERCB having determined that Genesee 2 was required in 1989 and having established the commissioning date accordingly, it was not open to the Board to reconsider the identical issue pursuant to Section 82(1) of the Public Utilities Board Act.

The Court stated that issue estoppel, not res judicata, was the proper doctrine to raise in the circumstances of the case. The Court held that, even if the common law requirements of issue estoppel were made out in this case, statute law must govern insofar as it governs the same issue. The Court held that it could not find an issue estoppel in circumstances in which the ERCB decision is not final but is instead open to recommendations and review. The Court stated:

"Even assuming that the common law requirements of issue estoppel were made out in this case, statute law must govern insofar as it covers the same issue. Section 82(1) of the Public Utilities Board Act contemplates an annual redetermination of the need for Genesee 2. It is one of the functions of the ERCB, either on its own initiative or on application by an interested person, to re-evaluate commissioning dates in light of changing electric energy load and capacity forecasts: Hydro Act, s.18. It is one of the functions of the Public Utilities Board to annually re-evaluate the need for utility facilities given current electric energy load and capacity forecasts: Electric Energy Marketing Act, Section 13.1; Public Utilities Board Act, Section 82(1). In view of these provisions, a decision of the ERCB that generating facilities are required in a particular year based in part on energy load and capacity forecasts cannot in our opinion be final and binding on the parties for all purposes. To the extent, at least, that updated energy load and capacity forecasts may support a different conclusion, the relevant statutory provisions permit a reconsideration of the issue."

D7 Interpretation of Section 82(1) of the Public Utilities Board Act

The appellants argued that the phrase "used or required to be used" in Section 82 of the Public Utilities Board Act meant that if an asset was in fact "used", then, there was no need to determine whether it was "required". The Court held that the Board did not err in imposing the standard of "required to be used" and that the phrase could be construed both disjunctively and conjunctively. The Court stated:

"The case law, and common sense, dic-

rate that there may be assets included in a rate base which are not in actual use such as standby equipment, and the phrase is often used disjunctively to recognize that situation. On the other hand, mere use is not sufficient to burden consumers with the cost. Clearly the consumer need not bear all the costs of an asset which is used if, for example, it reflects an imprudent expenditure. Assets unnecessarily used are not, simply by use, put into the rate base. Without putting too fine a point on interpretation we conclude that even if an object is used it must be also required. If it is not in actual use, it must nonetheless be required. The expression may be construed both disjunctively and conjunctively. We are supported in that view by American case law as well as by a consideration of the object of utility rate regulation."

D8 Individual Appeals

(a) Alberta Power Limited: The SPC-DC Tie
The Court held that the Board did not err in deciding that the property was neither used nor required to be used to provide service to the public within Alberta. Although there may be some benefit to the public within Alberta, that does not, in itself, justify the bringing of the asset into rate base.

(b) TransAlta: The Keephills/Ellerslie System
The Court held that it would not interfere with the Board's decision to disallow the line in rate base and place it instead, in Plant Held For Future Use. The Court stated: "In inquiries of this kind, substantial latitude must be assigned to the Board's background awareness, its expertise and its implementing Orders."

(c) Edmonton Power: Genesee 2
The Court did not overturn the Board's decision with respect to the reduction in Allowance for Funds Used During Construction for the period commencing January 1, 1987. The Court stated: "In the present case, it cannot be said that there existed no evidence upon which a finding of imprudence could be founded. At best, the evidence with respect to the prudence of Edmonton Power's Genesee 2 expenditures was conflicting. It is not open to this Court in these circumstances to substitute its own views of the evidence for those of the Public Utilities Board."

The Court applied the same reasoning in upholding the Board's finding that certain costs associated with Genesee 2 were costs incurred as a result of the operation of the Genesee 2 unit and were properly deductible when calculating the operating benefit of Genesee 2 in 1989. Thus, the Court upheld:

i the Board's findings that the Fording Coal Limited payments were not completely independent of the operation of Genesee 2 and should be deducted from operating benefit in the sum of $2,400,00;

ii the Board's finding that $1,827,000 attributable to general and administrative expense is an increase resulting from the addition of Genesee 2 and should be deducted from operating benefit;

iii the Board's finding that $2,550,000 representing payments made by Edmonton Power to TransAlta respecting the Keephills/Ellerslie Transmission System should be deducted from operating benefit.

12 A **Alberta Power Limited**
E3.5.3/89 (Appeal) 2

B None

C Application for Leave to Appeal to the Supreme Court of Canada from the decision of the Court of Appeal dated February 14, 1990 on the grounds that:

C1 the Alberta Court of Appeal erred in the law in its interpretation of the words "used or required to be used to provide service to the public within Alberta" found within Section 82(1) of the Public Utilities Board Act;

C2 the Alberta Court of Appeal erred in determining that the Alberta Public Utilities Board had any right or jurisdiction to rule upon whether the SPC - DC Tie was used or required in 1989 in fulfilling its duties under the Electric Energy Marketing Act;

C3 the Energy Resources Conservation Board's approval for constructing a facility pursuant to its statutory duty to determine power needs for Alberta need not preclude the Public Utilities Board from excluding the prudent construction costs of the facility from the rate base;

C4 the Court of Appeal erred in holding that the Public Utilities Board had, as a matter of right, the jurisdiction to overrule findings of the Energy Resources Conservation Board or at least not to follow such findings in spite of the legislative authority given to the Energy Resources Conservation Board;

C5 the Court of Appeal failed to distinguish the legislative roles played by the Public Utilities Board and the Energy Resources Conservation Board to the detriment of residents of Alberta, Saskatchewan and British Columbia.

D Leave to Appeal to the Supreme Court of Canada was dismissed.

13 A **Alberta Power Limited**
E3.6.3/90 (Appeal) / E3.5.89-62

B None

C Application for Leave to Appeal Board Decision E89097, on the grounds that:

C1 the Board erred in law or jurisdiction in its interpretation of the words "used or required to be used to provide service to the public within Alberta" in Section 82 of the Public Utilities Board Act on setting the price or pricing formula in which electric energy is sold to the Alberta Electric Energy Marketing Agency as required by Section 13.1 of the Electric Energy Marketing Act;

C2 the Board erred in law or jurisdiction in the manner in which it applied the words "used or required to be used to provide service to the public in Alberta to: the SPC-DC Tie; Sheerness 2 Electric Generating Unit; Anderson-Ware 240 kv transmission line; and the Lanaxe Coal Rights Leases.

D The argument for leave to appeal to the Court of Appeal was adjourned sine die on January 11, 1990 and is now abandoned.

14 A **Town of Barlow**
E6.24.2 (Appeal)

B Russel Braseth and Joan Braseth and Russel Braseth and Joan Braseth operating in the name and style of Rowling Acres Mobile Home Park.

C Application by the Town of Barlow for Leave to Appeal Board Decision E89112 on the grounds that:

C1 the Board exceeded its jurisdiction by imposing a requirement that the Town of Barlow install a flow meter;

C2 the Board erred in law or jurisdiction in making its decision contrary to the evidence;

C3 the Board erred in law or jurisdiction in determining that the method of billing with respect to the Mobile Home Park was discriminatory.

D Application for Leave to Appeal was denied by the Alberta Court of Appeal.

15 A **City of Edmonton**
E3.16.3/89 (Appeal) 2

B None

C Application for Leave to Appeal to the Supreme Court of Canada from the decision of the Court of Appeal dated February 14, 1990 on the grounds that:

C1 the Court of Appeal erred by finding that the Board has the implied authority to make the decision set out in Decision E89004 in view of the jurisdiction of the Energy Resources Conservation Board;

C2 the Court of Appeal erred by finding that the phrase "used or required to be used" in the Public Utilities Board Act can be interpreted in other than its normal disjunctive sense.

D Leave to Appeal to the Supreme Court of Canada dismissed.

16 A **City of Edmonton**
E3.16.3/90 (Appeal)

B None

C Application for Leave to Appeal Board Decision E89097, on the grounds that:

C1 the Board erred in its interpretation of the Electric Energy Marketing Act and the Public Utilities Board Act in determining whether a requirement for Genesee 2 existed in 1990, or prior;

C2 the Board erred in law or jurisdiction in finding the City of Edmonton to be imprudent insofar as the timing of its expenditures in relation to Genesee 2 after 1986.

D The argument for Leave to Appeal to the Court of Appeal was adjourned sine die and is now abandoned.

17 A **TransAlta Utilities Corporation**
E3.6.89-21 (Appeal)

B None

C Application for Leave to Appeal Board Decision E89097, on the grounds that the board erred in its interpretation of the words "used or required to be used" as set out in Section 82 (1) of the Public Utilities Board Act and misapplied the standard in relation to the Keephills/Ellerslie Transmission system; the Sheerness 2 Generating Unit; the Anderson-Ware Junction and the Langdon-Milo Transmission Lines.

D The argument for Leave to Appeal to the Court of Appeal was adjourned sine die and is now abandoned.

18 A **TransAlta Utilities Corporation**
E3.6.3/89 (Appeal) 2

B None

C Application for Leave to Appeal to the Supreme Court of Canada from the decision of the Court of Appeal dated February 14, 1990 on the grounds that:

C1 the Alberta Court of Appeal erred in law in holding that the phrase "used or required to be used" in Section 82(1) of the Public Utilities Board Act, may be construed both disjunctively and conjunctively;

C2 the Alberta Court of Appeal erred in law in failing to apply the Hemeglen - Rimbey doctrine enunciated by the Public Utilities Board of Alberta;

C3 the Alberta Court of Appeal erred in law in applying the "used or required to be used" standard to the costs of the property itself, as required by Section 82(1) of the Public Utilities Board Act.

D Leave to Appeal to the Supreme Court of Canada was dismissed.

Appendix 2

Litigation Proceedings

Appendix 3

Legislative Authorities

Alberta Statutes which explicitly govern the Public Utilities Board are listed alphabetically.

1. *Administrative Procedures Act*, R.S.A. 1980, c. A-2
2. *Alberta Resources Railway Corporation Act*, R.S.A. 1980, c. A-36
3. *City Transportation Act*, R.S.A. c. C-10
4. *Clean Air Act*, R.S.A 1980, c. C-12
5. *Clean Water Act*, R.S.A. 1980, c. C-13
6. *County Act*, R.S.A. 1980, c. C-27
7. *Crowsnest Pass Municipal Utilization Act*, R.S.A. 1980 c. C-29
8. *Dairy Board Act*, R.S.A. 1980, c. D-1
9. *Department of the Environment Act*, R.S.A. 1980, c. D-19
10. *Electric Energy Marketing Act*, S.A. 1981, c. E-4.1
11. *Electric Power and Pipe Line Assessment Act*, R.S.A. 1980, c. E-5
12. *Gas Utilities Act*, R.S.A. 1980, c. G-4
13. *Hydro and Electric Energy Act*, R.S.A. 1980, c. H-13
14. *Improvement Districts Act*, R.S.A. 1980, c. I-1
15. *Licensing of Trades & Businesses Act*, R.S.A. 1980 c. L-13
16. *Municipal Government Act*, R.S.A. 1980, c. M-26
17. *Municipal Taxation Act*, R.S.A. 1980, c. M-31
18. *Natural Gas Marketing Act*, S.A. 1986, c. N-2.8
19. *Natural Gas Price Administration Act*, R.S.A. 1980, c. N-3
20. *Natural Gas Pricing Agreement Act*, R.S.A. 1980, c. N-4
21. *Natural Gas Rebates Act*, R.S.A. 1980, c. N-5
22. *NOVA Corporation of Alberta Act*, R.S.A. 1980, c. N-12
23. *Oil and Gas Conservation Act*, R.S.A. 1980, c. O-5
24. *Petroleum Marketing Act*, R.S.A. 1980, c. P-5
25. *Public Utilities Board Act*, R.S.A. 1980, c. P-37
26. *Railway Act*, R.S.A. 1980, c. R-4
27. *Regional Municipal Services Act*, S.A. 1981, c. R-9.1
28. *Rural Electrification Long Term Financing Act*, R.S.A. 1980, c. R-17
29. *Rural Electrification Revolving Fund Act*, R.S.A. 1980, c. R-18
30. *Rural Gas Act*, R.S.A. 1980, c. R-19
31. *Small Power Research and Development Act*, R.S.A. 1980, c. S-13.75
32. *Telecommunications Act*, R.S.A. 1980, c. T-3.5
33. *Water, Gas and Electric Companies Act*, R.S.A. 1980, c. W-4
34. *Water Resources Act*, R.S.A. 1980, c. W-5

Appendix 4

Utilities Fully Regulated by the Board*

Electrical Utilities
- AEC Power Ltd.
- Alberta Power Limited
- Border Power Ltd.
- TransAlta Utilities Corporation

Water Utilities
- Athabasca Park Water Corporation

Natural Gas Utilities
- Bonnyville Gas Company Limited
- Canadian-Montana Gas Company Ltd.
- Canadian Western Natural Gas Company Limited
- Elk Point Gas, Ltd.
- Grande Prairie Transmission Co. Ltd.
- ICG Utilities (Alberta) Ltd.
- Northwestern Utilities Limited
- Oro Mineral Developments Ltd.

*Denotes those companies providing traditional utility services directly to end users, and whose operations are subject to the full jurisdiction of the Board.

Appendix 5 Summary of Changes in Customer Rates

The following tables outline monthly bills for an average residential customer for the period from January 1, 1980 to January 1, 1991. The calculations are based upon an assumed annual consumption of 6000 kWh for electricity and 165 GJ for natural gas. The bills have been calculated including the franchise tax, where applicable, but excluding income tax rebates.

1. Electric Utilities

Alberta Power Limited

rates effective	decision/ order no.	average monthly bill	percentage increase over 1980	percentage increase over previous
Jan 1/80	E79170	$27.53	-	-
Jan 1/81	E80231	$32.29	17.29%	17.29%
Jan 1/82	E81179	$37.51	36.25%	16.17%
Jan 1/83	E82211	$33.69	22.38%	-10.18%
Jan 1/84	Filing 84-2	$36.75	33.49%	9.08%
Jan 1/85	Filing 84-1	$36.86	33.89%	0.30%
Jan 1/86	Filing 85-5	$35.29	28.19%	-4.26%
Jan 1/87	E86072	$36.71	33.35%	4.02%
Jan 1/88	E87132	$43.37	57.54%	18.15%
Jan 1/89	E88016	$45.45	65.09%	4.79%
Jan 1/90	E89011	$42.61	54.77%	-6.25%
Jan 1/91	E90051	$45.64	65.77%	7.11%

Trans-Alta Utilities Corporation

rates effective	decision/ order no.	average monthly bill	percentage increase over 1980	percentage increase over previous
Jan 1/80	E79037	$23.59	-	-
Jan 1/81	E80089	$25.09	64.36%	6.36%
Jan 1/82	E81174	$29.00	22.96%	15.61%
Jan 1/83	E83091	$34.04	44.33%	17.38%
Jan 1/84	E83150	$39.21	66.23%	15.18%
Jan 1/85	E84067	$38.25	62.18%	-2.44%
Jan 1/86	E85086	$38.93	65.06%	1.78%
Jan 1/87	E86085	$40.65	72.36%	4.42%
Jan 1/88	E87125	$40.89	73.39%	0.60%
Jan 1/89	E86051 *	$40.65	72.36%	-0.60%
Jan 1/90	E86051	$40.65	72.36%	0.00%
Jan 1/91	E90097	$41.03	73.99%	0.95%

* Reflects end of Riders set in previous Orders

Canadian Western Natural Gas Company Limited

rates effective	decision/ order no.	average monthly bill	percentage increase over 1980	percentage increase over previous
Jan 1/80	E78103	921.91	-	-
Jan 1/81	E80391	934.67	55.36%	55.36%
Jan 1/82	E81269	939.91	81.99%	17.18%
Jan 1/83	E82204	955.67	154.37%	38.88%
Jan 1/84	E83160	951.38	133.69%	-7.02%
Jan 1/85	E84047	949.39	125.25%	-3.09%
Jan 1/86	C85268	952.04	137.33%	5.36%
Jan 1/87	C86033	951.95	136.93%	-0.17%
Jan 1/88	C87118	949.83	127.24%	-4.09%
Jan 1/89	E88078	948.51	121.24%	-2.64%
Jan 1/90	E89106	947.74	117.73%	-1.68%
Jan 1/91	C90043	947.25	115.47%	-1.03%

Northwestern Utilities Limited

rates effective	decision/ order no.	average monthly bill	percentage increase over 1980	percentage increase over previous
Jan 1/80	E78029	921.95	-	-
Jan 1/81	E80166	936.21	72.68%	72.68%
Jan 1/82	E81209	938.91	84.84%	7.86%
Jan 1/83	E82201	952.03	147.38%	33.73%
Jan 1/84	E83117	847.14	123.95%	-9.69%
Jan 1/85	E84141	850.35	139.19%	6.81%
Jan 1/86	E85071	848.85	132.48%	-2.97%
Jan 1/87	E86085	946.41	130.47%	-5.68%
Jan 1/88	E87117	843.84	108.26%	-5.54%
Jan 1/89	E88079	844.78	112.75%	2.15%
Jan 1/90	E89098	847.35	124.96%	5.70%
Jan 1/91	C90042	847.63	125.32%	0.16%

ICG Utilities (Alberta) Ltd.

rates effective	decision/ order no.	average monthly bill	percentage increase over 1980	percentage increase over previous
Jan 1/80	E79068	824.54	-	-
Jan 1/81	E80197	834.75	41.28%	41.28%
Jan 1/82	E81230	836.45	68.73%	4.98%
Jan 1/83	E82199	848.53	98.69%	33.13%
Jan 1/84	E83151	851.58	110.47%	6.38%
Jan 1/85	E84139	853.92	116.32%	2.78%
Jan 1/86	E85145	951.84	111.52%	-2.22%
Jan 1/87	E86084	852.47	114.07%	1.21%
Jan 1/88	E87081	850.64	106.63%	-3.48%
Jan 1/89	E87081 *	849.86	103.44%	-1.56%
Jan 1/90	E89045	849.86	103.44%	0.00%
Jan 1/91	E89045	849.86	103.44%	0.00%

* The decrease reflected in the average monthly bill indicates the end of a deficiency rider.